DOCUMENT RESUME

ED 079 867 EA 005 380

TITLE	Financing Educational Imperatives. A Report.
INSTITUTION	Canadian Teachers' Federation, Ottawa (Ontario).
REPORT NO	CTF-C-73401
PUB DATE	May 73
NOTE	59p.; Speeches given before and proceedings of Canadian Teachers' Federation Seminar on Education Finance (2nd, Ottawa, Ontario, May 7-9, 1972)
AVAILABLE FROM	Canadian Teachers' Federation, 110 Argyle, Ottawa, Ontario, Canada K2P 1B4 ($1.35)
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	Conference Reports; Cost Effectiveness; Educational Administration; Educational Change; Educational Development; *Educational Economics; *Educational Finance; Educational Objectives; *Resource Allocations; School Community Cooperation; Special Education; Vocational Education
IDENTIFIERS	*Canada; *Efficiency (Education); *Equity (Education)

ABSTRACT

This document reports the proceedings of a conference held to discuss the availability of educational resources and the financing of education in Canada. The conference focused specifically on the financial implications of redesigning educational institutions to be capable of flexible response to students' needs, making educational benefits more accessible to the disadvantaged, tying together education and the work world, and restructuring educational institutions to be more closely tied in with their surrounding communities. The document reports on a panel discussion of current provincial problems in financing education, a history of the Canadian Teachers' Federal project, a presentation dealing with efficiency considerations in education and the integration of efficiency and equity criteria, and a discussion of the financial problems of school boards. The document concludes with group discussion reports on the financial implications of change objectives. (Author/DN)

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CANADIAN TEACHERS' FEDERATION

A CTF CONFERENCE REPORT

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THE 1972 SEMINAR ON

EDUCATION FINANCE

EA 005 380

C-73401

F I N A N C I N G E D U C A T I O N A L I M P E R A T I V E S

Proceedings of a Seminar
Held at
The Holiday Inn
Ottawa, Ontario
May 7-9, 1972

Canadian Teachers' Federation
110 Argyle Avenue Ottawa, Ontario
K2P 1B4

May 1973

FOREWORD

In the late sixties it became evident that the climate for educational development was deteriorating; at the same time, provincial governments were beginning to impose what soon became very severe restrictions on growth in expenditures for education. In view of this situation, the CTF Advisory Committee on Education Finance concluded that the time was right to attempt some basic definition of the kind of education that is wanted in Canadian society at the present time and the most rational way of financing this educational system.

Accordingly, a project involving a series of special reports and seminars to explore these questions was set up. Papers were prepared by Woodrow Lloyd, Guy Rocher, and three members of the Economic Council of Canada, Walter Hettich, Barry Lacombe and Max von Zur-Muehlen. A first seminar was held in Montreal in May 1971 and dealt with the demands of the individual and society on the educational system. Although there was not a complete consensus regarding these demands, a set of general imperatives for educational change was nevertheless derived from this seminar. In summary, they were the following:

1. Educational institutions must be capable of flexible response to students' needs.

2. The benefits of education must be made more accessible to those in society who suffer disadvantage.

3. Education and the world of work must draw closer together.

4. Educational institutions must become more closely a part of their surrounding community (local, provincial, national, international).

The second seminar, of which this report records the proceedings, was designed to follow from the first seminar in focussing on the financial implications of the four general imperatives for change. Delegates were asked to consider the administrative and organizational changes which would be required, the new inputs to the educational system, and the corresponding changes in the collection, allocation and distribution of funds for education. As well, time was provided for current reports on the financial problems of provincial departments of education and school boards and for a presentation on the cost-benefit approach as a basis for deciding priorities in education spending.

The CTF project is continuing and is expected to culminate in a report drawing together the ideas expressed by the various authors and the delegates to the two seminars and contributing to the continuing search for a rationale for education finance. The Federation is grateful for the assistance with the project given by the delegates.

Geraldine Channon
Executive Assistant
Canadian Teachers' Federation

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WELCOMING REMARKS

ROD FREDERICKS
President
Canadian Teachers' Federation

I should like at this time to extend to you, on behalf of the Canadian Teachers' Federation, a very hearty welcome. I hope that in the next day and a half you will not only find a great deal to think about, and quite a number of things to argue about, but will also enjoy yourselves.

I think I would be remiss if I did not say a special word of thanks to the Education Finance Committee, which has worked for three years on this project.

The Canadian Teachers' Federation has been involved with the study of education finance for many years. We are hopeful that the deliberations of this conference and the results of the project will make a significant contribution to the development of education in Canada.

Again, may I extend to you a very warm welcome.

INTRODUCTION TO THE SEMINAR

WENDELL SPARKES
Chairman
CTF Education Finance Committee

I should like first to introduce the members of the Committee who have worked very hard on this project over the years: Dr. Florence Henderson, who has been on the Committee for six years and is the most senior member; Bob Gordon, from the MTS staff; Bruce Watson, from the BCTF staff; and Gerald McCarthy, who is working with the Nova Scotia Royal Commission on Education. I would also like to recognize two persons who were on the Committee last year but unable to serve this year: Roger Simmons of Newfoundland and Ron Morrison from the NSTU staff.

I would also like to thank Dr. H.P. Moffatt, who has served as consultant to the group; Jim Killeen, CTF Vice-President, who has taken a very keen interest in this project; and staff members Geraldine Channon, Wilf Brown and Russ Mosher.

It is unfortunate that Norman Goble, our Secretary-General, is not with us tonight, but he had a difficult decision to make, whether to be with the teachers in the DND schools in Germany or attend this meeting. Because of the urgent nature of the business over there, it was decided that we must try to get along without him. It is he, of course, who really started this project, and who should be reviewing its progress for you.

I do not propose to give a full review tonight, but would like to remind you that this seminar follows in sequence from the conference held in Montreal a year ago. That conference dealt with the demands of society and individuals on our public school system and examined the question "What should the publicly-financed educational system aspire to do?" Each of you has received a copy of the findings of that conference in your documentation. What we are trying to zero in on tonight and tomorrow and Tuesday, however, is the whole problem of availability of resources -- how do we pay for what we want, or what we think the public wants?

Before continuing I would like to pay special tribute to Woodrow Lloyd who, as many of you know, has passed on since we last met. I think it would be only fitting that we observe a moment of silence out of respect for the contribution that Woodrow Lloyd made, not only to CTF, but to education in Canada and around the world.

Now I would like to outline briefly the organization of the seminar. Tonight we shall have a very interesting panel discussion on current provincial problems in financing education. Tomorrow morning Miss Channon will review the history of the CTF project. Then there will be a presentation by two people from the Economic Council dealing with efficiency considerations in education and the integration of efficiency and equity criteria. There will then be an opportunity for group discussions, followed late in the afternoon by a panel dealing with financial problems of school boards. Tuesday morning there will be more group discussions and the meeting will conclude with an overview prepared by Dr. Moffatt.

May I also draw your attention to the background notes on education finance that were provided in your kit. They were put together by staff, mainly Miss Channon,

and I think you will find them very useful in putting you in the picture.

Finally, I would like to thank the CTF member organizations for the tremendous support that they have given this project.

CURRENT PROVINCIAL PROBLEMS IN FINANCING EDUCATION

ROBERT GORDON
Assistant General Secretary
Manitoba Teachers' Society
Panel Chairman

I don't know whether you've noticed, but this hotel has a service which I have not found in any other hotel. On the desk in the bedroom there is a Bible which has been opened. At first I thought it was a coincidence. In fact, I put the Bible back into the drawer where it usually rests. However, I happened to be in my room when the chambermaid did it up this morning, and the last thing she did before leaving the room was to take the Bible from the desk and open it.

Because of my Irish background, I was naturally superstitious, and I saw this as an indication of some meaning which couldn't be ignored. So I read the two pages which were opened and I tried to decipher the hidden meaning, either for myself or for the major event of this Sunday, which is our seminar. The first words I read seemed to describe an appropriate rationale for the seminar: "To everything there is a season and a time and a purpose under the sun." No doubt sometime during the next two days we'll be talking about federal aid to education or sharing the aggregate wealth more equitably, and I thought that these words should be taken to heart by the wealthier provinces: "There is a sore evil which I have seen under the sun -- namely, riches kept to the owners thereof to their hurt." For our discussions tomorrow this warning seemed appropriate: "For a dream cometh through the multitude of business, and the fool's voice is known by a multitude of words." And finally a message for our provincial and federal politicians: "Better it is that thou shouldst not vow than that thou shouldst vow and not pay."

My responsibility here is not to read Scripture, but to introduce our panelists, all of whom have a unique and a valuable contribution to make to this conference. Time doesn't permit me to give adequate accounts of their qualifications and their experience. Suffice it to say that each has a high office in his own province and exercises considerable influence on education and on the decisions pertaining thereto. We're very fortunate to have them as participants in this seminar. The general topic is "Current Provincial Problems in Financing Education". Following the individual presentations there will be some interaction among the panelists and questions from the floor. Our first speaker is Mr. S.F. White, who is the Director General of Finance for the Quebec Department of Education.

SYLVESTER F. WHITE
Director General of Finance
Quebec Department of Education

May I say what a great pleasure it was for me to be invited to participate in this seminar, my first experience having been a happy one in the meeting in Montreal last year. In the position paper which is entitled Basic Goals in the Financing of Education, prepared by Dr. Hettich, Dr. von Zur-Muehlen and Mr. Lacombe, are listed two main objectives in the financing of education -- namely, efficiency in the

allocation of resources, and, secondly, equity. It seemed to me that the most useful way in which I could deal with questions of financing education in Quebec in the space of ten or fifteen minutes would be to describe the ways in which we have tried to achieve one of these goals -- that of equity. I am not going to attempt at all to deal with efficiency in the allocation of resources or indeed efficiency in the use of these resources, although these questions are very important indeed. The objective of equity was and is the keynote of the so-called "reforme scolaire" which was introduced by the Lesage government, which was extensively promoted by Mr. Paul Gérin-Lajoie, the first minister of education in Quebec, and which found expression in such slogans as "la gratuité scolaire" and "la démocratisation de l'éducation".

Now in this paper the goal of equity is described under two headings -- equality of opportunity and the fair distribution of the cost burden. In the 1960's we have tried in Quebec to approach the goal of equality of opportunity in education in the following ways: by the creation of 55 regional school boards covering the whole of the province, responsible for secondary education; by the construction of a network of some 266 well-equipped comprehensive public high schools or écoles scolaires polyvalents (Over 200 of these schools have already been completed or are in the process of construction.); by the establishment of a policy of universal accessibility to secondary education, through the abolition of school fees, transportation for all elementary and secondary pupils, and a system of subsistence allowances or bursaries for secondary students who have to live away from home in order to receive appropriate instruction; by the creation of a network of colleges of general and vocational education, or CEGEPS. (This program was begun in 1967 and there are now 37 such colleges or CEGEPS in operation, offering a choice of 73 programs of two or three years of post-secondary education; the present involvement in these colleges is about 74,000.) Through the creation of the Université du Québec and expansion of the existing universities the capacity of our institutions of higher learning was increased by about 300 per cent over this decade. A program of bursaries and loans for post-secondary students was introduced designed to ensure that no student would be prevented from attending college or university for financial reasons. It was with great pleasure that I noted in our audience tonight Mr. Hector Joyal, who is now with the federal government, and who played an important role in launching this program in Quebec.

The cost of this effort in the 1960's towards equality of opportunity was not inconsiderable. It has absorbed from one-quarter to one-third of the government's budget for each of the last dozen years. The operating costs for elementary and secondary public schools increased from 1958 to 1968 at an average annual rate of 16 per cent, which is a rate which doubles the cost every five years, in current dollars of course. The capital investment in school construction in the last decade was just short of $1,000,000,000; the annual cost of pupil transportation rose from $2,000,000 in 1957 to $73,000,000 in 1972. The annual operating costs of post-secondary institutions rose from some $50,000,000 in 1961 to about $350,000,000 in 1970-71.

To what extent have we by these means in fact achieved equality of opportunity? I think that we can fairly say that, starting from a position of relative inferiority

in this respect as compared to others in North America, we've made some quite creditable progress. Undoubtedly there are many inequalities that persist -- to mention only one or two, I don't think that the secondary student who must leave home at 7:30 in the morning, who must travel by bus for more than an hour morning and evening, who can participate only in a limited way in extracurricular student activities, has the same opportunity as the student who lives close to the school and who can take part in sports, music, drama and other organized programs in afternoons, evenings and weekends. Again, in view of the fact that our bursary and loan program does not take into account the cost of foregone earnings; students from families of limited means cannot always afford to complete post-secondary studies, and must enter the labor force earlier than others. This is a fact. Whether or not it is desirable to ensure that every member of the population attends some institution of formal education full-time until age 25 or so is another question.

A second facet in the goal of equity in the financing of education is the fair distribution of the cost burden. There are, I think, two widely accepted principles governing fairness or equity in taxation -- the first, that costs should be distributed in accordance with ability to pay, the second, that costs should be distributed in accordance with the benefits derived. And increasingly, our efforts in recent years have emphasized the former; that is to say; we have attempted to bring our policies more in line with ability to pay. A little more than two-thirds of the operating costs for Quebec schools and colleges and universities are covered by provincial government grants to these institutions. These payments are made from the general revenues of the province, which include transfer payments from the federal government and are derived, for the most part, from types of taxations that are fairly closely related to ability to pay. The other principle source of funds for education, accounting for a little more than a quarter of the total cost, is property tax, which is notoriously unrelated to ability to pay. There may, in fact, be an inverse relationship between the property value and the educational revenue requirements of any given community. There is a good chance that the per-pupil cost of adequate education in a town where the market value of property averages $4,000 per pupil will be greater than in a town where the per-pupil valuation is $40,000, although the second town, of course, has ten times the tax potential of the first.

Education or government authorities in the United States have been slow to react to this situation and it is thus that we see that in 1967 in Los Angeles the pupil-teacher ratio was 27:1 and the per-pupil cost was $600, whereas in Beverly Hills the pupil-teacher ratio was 17:1 and the per-pupil cost was $1,192. In terms of need, or equality of opportunity, it should perhaps have been the other way around. This situation is quite widespread and is due to regressive patterns in state aid to education. I think that in Canada, in general, we have done somewhat better in this regard. In Quebec we have tried to meet the problem by developing a pattern for the allocation of funds to educational institutions in the form of budget balancing grants, the grant being equal to the difference between normal expense and other revenues. In the case of school boards, normal expense is defined in rather detailed budget rules, whereas normal revenue is the product of a fixed and uniform tax rate applied to equalize valuation. As a result of this system, whereas the per-pupil cost in Montreal West is

roughly the same as at Capshaw on the Gaspé coast, the property tax in Montreal West pays for more than 80 per cent of the cost, while the revenue from the property tax in Capshaw is less than 10 per cent.

The budget rules which define normal expense for grant purposes are published annually. They determine a normal per-pupil cost for such items as general and instructional administration -- library, audiovisual costs, teaching and laboratory materials and supplies, pupil guidance, sports and a number of other such budget items. The sum of these amounts determines the allowable expense for grant purposes and may be applied by the school board without restriction. Teachers' and principals' salaries are paid in accordance with provincial agreements; debt service on approved capital expenditures and pupil transportation costs are completely covered by the grant. These last allowable expenses are not transferable for purposes of calculation. Except in the case of salaries of academic personnel, which are fixed by agreement, a board may exceed the expenditure levels defined in the budget rules, provided that it levies a tax over and above the normalized rate sufficient to cover such excess. Otherwise, up to now, no ceiling has been put on the additional or more costly services that a board may provide and pay for from local property tax.

Now there are, of course, weaknesses and difficulties and dangers in this system. One weakness, I think, lies in the fact that an extra expenditure of, say, $40 per pupil would mean a tax increase of 7 per cent in one town, but would result in a 70 per cent increase in another. This simply means that some communities can afford extra services while others cannot. Another weakness is, of course, the fact that even though differences in tax revenues at a normal uniform rate are fully compensated by the grant system, this uniform tax rate imposes a much heavier burden in terms of effort on a home owner or a tenant occupying property valued at, say, three times his annual income, than it does on one whose property value is equal to or less than his annual income. This is the standard objection to property tax as such.

In closing I would like to raise one question which may be of as great interest and concern to other provinces as it is to us in Quebec, and I would put it like this: To what extent is it desirable and, in the light of the pattern of educational finance which I have described, to what extent is it possible, to effectively decentralize decision-making? It seems to me that a monolithic system, where decision-making is heavily centralized, tends to become inflexible and unresponsive to particular requirements as they develop locally. On the other hand, it's difficult for a central authority to assume full responsibility for financing such things as capital investment, teachers' salaries, and so on without exercising a rather full control over how these funds are spent, and I would be very interested to hear other views on that question.

R.W. DALTON
Associate Deputy Minister
Manitoba Department of Education

I had the same experience as Bob Gordon did this morning. I too tried to read the Bible, but I didn't get the same messages he did. I see that I am surrounded by people from Manitoba, so I shall have to be careful to tell the truth tonight. What I would like to do in the few minutes we have at our disposal is to talk about some of the problems as I see them concerning educational finance in our province. Probably they are not dissimilar to the problems that many of the other provinces experience. As I listened to Mr. White's presentation from Quebec I noticed a good many similarities there.

It all started in Manitoba about 1967, when the school system was reorganized into a system of larger units -- school divisions they were called. We boiled some seven or eight hundred smaller jurisdictions down to less than fifty and, at the same time, introduced a new grant system which had several objectives, one of which was to provide incentives to encourage teachers to improve their standing. Another was to encourage school boards to equip and maintain their schools, and there were several equalization grants similar to what Mr. White talked about, equalization in the field of transportation and particularly capital. Thus the foundation program, as it was called, was supposed to feed a supply of blood to the new system of administration and it did.

I'm not going to take any time tonight telling about the accomplishments that it did have a part in, because I want to talk about some of the financial problems that arose from it. Before I do that, I should say we'd better deal with post-secondary as well. The community colleges in Manitoba are operated by the province, not by school boards, and they are operated from provincial funds. The universities, of course, depend to a great extent upon provincial funds for their operation. I mustn't forget to say, for Hector Joyal's benefit, that both the post-secondary programs at the community college level and the university level are heavily financed by the Secretary of State and Manpower departments of the federal government.

Now, what has happened on the elementary and secondary level in the last five years? The best way I can illustrate this is to say that from 1967 to 1971 the costs incurred by school boards, that is to say, their budget costs, increased by 58 per cent. In other words, in 1971 the total budgets of school boards in the province were 58 per cent higher, in terms of 1971 dollars than they were in 1967. At the same time, the governments of the day increased their contribution by 55 per cent, but the amount that had to be raised by the real property taxpayer increased by 31 per cent. At the same time, the ability to pay of the real property taxpayer increased by only 19 per cent. So all this adds up to higher taxes at the direct taxpayer's level and higher amounts of money being put in by the central source -- by the province -- increased amounts all the time. And so, I suppose, the government looks at it from one side of the picture and says, " We keep pouring more water into this pail, but it's leaking somewhere. The level never seems to go up." At the same time, the taxpayer who is paying taxes on his real property says "My taxes keep going up. I thought we were going to get some relief from direct taxes." That's part of the problem that we face, and I'm sure that it's not an uncommon one.

While this is happening on the elementary and secondary level, the government appropriation for community colleges has gone up by 28 per cent in the last five years, and at university level by 74 per cent. So, adding all of these services up, as in Quebec, for the past five years the government has devoted between 33 and 35 per cent of its total budget to education. Now there's another service that's coming up fast on the inside, and that's health and welfare. It won't be very long, I suppose, until it's running neck and neck with education. Just one more word about universities; university enrolments in Manitoba have increased by 33 per cent in the last 5 years. I don't like chucking out all these figures but it's the best way I can think of to illustrate what's happening. Last fall, when enrolments at the university level were supposed to go down generally across the country, they went up by almost 5 per cent in Manitoba. They tell me at the university that even if the enrolment didn't increase by one student, they would need 4 per cent more money per year just to stay where they are.

Well, now what do we have for a situation? As I said, 33 to 35 per cent of provincial revenues are devoted to education -- elementary, secondary, and post-secondary. The question arises -- Can you expect governments to be devoting very much more than that? Situation Number Two, real property taxes have been steadily increasing and I think there is getting to be more resistance to these increases in taxes. It's just a feeling I have from listening. Situation Number Three, I think there are more questions being asked about what schools are doing than ever before. If I listen hard enough, I can hear, I think, three stories. These aren't very well defined groups, but I think I can hear this kind of message: "Everything you're doing is wrong." (I'm going to generalize and exaggerate a little, but this is what I hear.) "The school as an institution is not what it should be. Compulsory attendance is for the birds. The curriculum is wrong. The organization of schools is wrong." -- and I'm hearing that from different sources. I heard some of it on television this morning and I'm hearing it in Manitoba too. Well, that's one story. The second one I'm hearing is "Well, you've been providing more services as a result of all this extra money you have been throwing in and that's all right as far as it goes, but we want still more. There are a lot more things you have to do yet, but, for heaven's sake, don't put our taxes up when you do it, direct or indirect." And the third story I think I'm hearing now is something like this, "I don't know what's going on in the schools. I don't understand it. I can't understand Johnnie's work any more. I don't know if it's good or bad, all I know is it costs too much."

I'm hearing those kinds of things and I conclude that people are a little less willing nowadays to say "Yes, it doesn't matter what it costs, I'm for it, in education." I conclude that a lot of people are asking for better service in education but aren't willing to pay for it, and I also conclude that costs are still going to keep on going up no matter what kind of system we have, but probably not at the same accelerated rate. As I take it, our problem at this seminar, and I don't suppose we're going to solve it, is to take a look at how we can get hold of this increasing and escalating cost business.

As far as we in Manitoba are concerned, I think we've got to ask ourselves some questions. Maybe some of them are relevant for you people too. The first one

I think we'll have to ask ourselves is do we know what our educational objectives are? And, if we do, how well are we achieving them? I think that we have to say no to the first question but, if we can say yes, how well are we achieving our objectives? The second one I think we have to ask ourselves is should we be looking at priorities? And that's a fearful question, because everybody wants to look at priorities but nobody wants to choose them. So, if we're going to look at priorities, how are we going to go about it? What's important and what isn't? I don't like to use the word efficiency in education -- it's all right in a shoe factory -- but the third question I guess we've got to ask is how can we get more for our education dollar? I think another question we've got to ask ourselves is how well is the public aware of what we are actually doing? How much do they know about what you are doing? How much do they understand about it? Are we doing enough to inform them Should we do more?

Now in Manitoba, as yet, school boards have the freedom to expend above the foundation program of grants any amount that they see fit to expend. They have the right to do this and to go to the municipality which is the taxing body and say "We need this many dollars". The last question I have to ask is this: Are we going to have external controls imposed -- by that I mean controls by the province -- on the expenditures that school boards can make, or are we going to do the job ourselves?

G.H. WALDRUM
Assistant Deputy Minister
Ontario Department of Education

The first thing I would like to note was that when I got up this morning I did not read the Bible. The first thing I was concerned about was what I might wear to this meeting. I decided on my present attire because that might gain me some favour with Boyd Barteaux and Ron Morrison and Norm Fergusson from Nova Scotia. In addition to that, it might confuse the trustees and teachers' federation representatives from Ontario. I did have a chance to talk to one of them earlier on today, and I indicated how very pleased I was and how honoured I was to have this opportunity to speak about the province of Ontario and finance tonight; it was indicated to me that you really didn't need a speaker from Ontario, and that I was the closest you could come to that.

If you believe that education finance is a problem today -- and I think you can find evidence of it in the province of Ontario, certainly in the past two years, for we have now created a committee on the cost of education, a minister's committee on negotiations, and the ERAS Task Force (which is the Educational Resources Allocation System Task Force) -- then I think it would be unfair to talk about the 60's and the 50's. I think we all recognize that the cost of education went up. It would be only fair to note some of the reasons why. Certainly we might have expected some increase because of inflation (I believe there are inflationary increases in other areas), because of the expanded educational services and programs that were offered in the 60's, and because of the tremendously increased enrolment due to the increased birth rate. A lot of the increased enrolment in Ontario was at the expensive secondary level and at the post-secondary and university levels, through the creation of community colleges and a great deal of expansion at the university level. Then, of

course, at the elementary level there was a tremendous increase due, I would think, to the upgrading in the qualifications of teachers. All these changes were either noble or facts of life.

Our objectives in connection with educational finance in Ontario have been to equalize cost or burden, to pay grants in accordance with the ability to pay and, most recently, to introduce weighting factors with the hope that we could recognize unusual or special costs in one area as opposed to another. Of course, I think another objective has been to increase the quality of education. It has already been pointed out by Mr. Dalton that people are interested in quality, are interested in service. The problem is that they don't seem to want to pay for it. I think I have to say that it now seems to me that this might be a segment of the population, rather than the whole population, but it certainly seems to be a segment that is able to get on television or the radio or into the newspapers a little more frequently than the other segments, at least. Certainly, the objective of the government was to pay a higher percentage in provincial support for the overall cost of education, and certainly the objective in doing so was to limit or reduce the local tax levy on property. Mr. Dalton, once again, has already indicated that this is a rather difficult thing to do. It seems that we were having a problem deciding what we should pay a higher percentage of. What amount? And then, of course, I think more recently we have to admit that there has been an effort to reduce the increasing rate of educational expenditure -- to reduce the accelerating increase rate.

I'd like to go back to the date of October 13, 1970. Some people from Ontario I'm sure will remember that date. It was the introduction of ceilings, which have certainly been alluded to frequently this evening, although they haven't been referred to as ceilings. I think if we took a look at the situation at that time, we would find that there was a public disenchantment with the cost of education, despite the fact that the government was trying to reach a higher percentage of the cost of education. But large increases in grants did not seem to result in a decrease of the local levy. Local tax rates were increasing, with the resulting public reaction. The provincial government, with the existing policies, was unable to control the tax rate increases at the local level. The result of the increasing tax rate was the demand by the school boards and the public for larger grants from the provincial government. Larger grants from the provincial government did not succeed in lowering the tax levy or holding it steady. In 1970, or late 1969, when we did some calculations on this, we found that if we held the ten largest systems in the province of Ontario to the existing level of provincial support at that time, it would have been possible for the provincial government to pay 100 per cent of the cost of education outside of these jurisdictions without reaching the goal of 60 per cent of the overall cost of education within the province.

October 13, 1970, I think, had some positive impacts, some of which have already been mentioned. Most of us in education in Ontario would describe the impact as one of shock and concern. This, by the way, was not the reaction of my neighbours. The public reaction, I have to say, was largely positive and, if anything, it drew more attention to the cost of education. Ceilings helped to increase public realization that satisfaction of demands for public services results in the necessity of

paying for them. There was a greater emphasis on examination of program priorities and program costs. This was a dramatic change, I think, after twenty years of what we referred to as the add-on principle, where, in the educational world, we had learned how to add, and to multiply, but we had forgotten how to subtract, and how to divide. The last time I spoke on this particular topic, a fellow came up afterwards and told me that they had done a count at their local school board and they had found 100 additions over a period of time, without a single subtraction. The question used to be "Why did you spend the money?" The question now is likely to be "Why did you spend it on this instead of that?".

I think it would be unfair to say that there weren't negative impacts and problems. The first one is that it gives educational administrators someone to call on to help share the blame when they are making changes in staffing, equipment, facilities and programs that are a necessity, regardless of ceilings. In Ontario the timing was most unfortunate, just as that five per cent education tax was put on. This came up in October 1970 because it followed September 1970, when many principals, school administrators and school boards miscalculated their September enrolment. This was the first year of the impact of the declining birth rate. Many of them calculated on the basis of the past rather than on the future. They looked to history instead of the birth rate. On the basis of the miscalculation they increased the staff for September 1970, in a way, in many jurisdictions, that they had for many years and many Septembers in the past. When the time came to correct this miscalculation, ceilings were very fortunately there to help share the blame. This had an accumulating effect when they were correcting the errors of September 1970, because the correction was coming in 1971, the ceilings were there, and, also very evident, were the continuing declines in enrolment in September 1971. One of the previous speakers has mentioned the fact that it is very difficult to increase the amount of money coming from the provincial level without increasing the amount of control. We hope that we've done this. We've said that there's a ceiling, that there's a limit to the amount of money you can spend, but that we're not trying to tell you how to spend it.

D.B. ESTABROOKS
Chief Superintendent of Schools
New Brunswick Department of Education

When I was invited to attend this conference I was asked to try to tell it like it is. This is a problem, to try to be honest and objective in doing it. I have two or three confreres from New Brunswick who are in the audience, one the president of the teachers' association, another on the executive staff, and the executive secretary of the trustees' association, who will endeavour to keep me there. I would like to do two or three things. I would like to take about three minutes to quickly look at what things were like before 1967. Then I would like to take about four or five minutes and just attempt to detail what did happen from 1967 on, and then maybe take about five or six minutes in order to give a personal reaction to that kind of thing, having been on the scene myself, and then identify some particular problems.

To begin with, then, I should like to make brief reference to financing prior to 1967.

Little progress was made in effecting school consolidation until the 1940's, when special grants and guarantees of financing were provided to encourage consolidation. In 1943 a County School Finance Act was legislated and superimposed on those school districts of the province opting for such a system. Only one county and a few urban boards rejected the concept.

By means of this system, finance boards annually prepared the operating budget based upon the submission of the constituent school districts; then the county council levied a tax on the whole county to collect a large portion of the required funds. The balance of the requirement was contributed by the provincial government or by a supplementary budget passed by the local ratepayers of the individual school districts. Cities and towns, if outside the finance unit, requisitioned funds from their respective city or town councils.

Stimulation grants by the provincial government, either on an operational or capital basis, under the former Schools Act, had the effect of influencing the direction of education and encouraging district ratepayers to vote either matching or increasing funds. Thus, there was a degree of tension and accountability at the local level.

Despite these special grants and guarantees of financing, the permissiveness of legislation resulted in a haphazard pattern of consolidation across the province with numerous examples of: lack of consolidation, over-consolidation, wasteful duplication and consequent under-utilization of buildings, equipment and staff in many rural and regional high schools.

The Byrne Commission Report recognized that New Brunswick municipal institutions were in serious difficulties with inequities in service, standards and opportunities. There was a jungle of assessment and tax laws; in certain areas of the province there was crippling debt, near bankruptcy and demonstrable fiscal incapacity. A patchwork of laws provided for provincial assistance and cost sharing on various programs.

Property tax burdens varied widely from community to community. Ethnic distribution, as well as property, determined, to a large extent, a child's educational opportunity. Provincial grants supplemented local school resources but were not equalized.

After July 1, 1967

The implementation of the main recommendations of the Byrne Report led the provincial government to assume the responsibility for the financing and provision of education, health, welfare, justice and municipal services as part of the total revision of provincial local relationships in finance and functional assignments.

The province reorganized local government, including school districts (moving from 422 to 33) and restructured the local tax base by eliminating a number of nuisance taxes and by enacting a uniform province-wide real estate tax at an effective rate of 1½ per cent of market value as determined by provincial rather than local assessors. The change involved taking over the billing and collecting of all property taxes including those of municipalities.

The object of this revision was to ensure that the responsibility for each kind of service was placed on the level of government best qualified to perform it

and that each level of government had the fiscal resources required to carry out its responsibilities. General service programs of province-wide significance were to be performed by government agencies (which were not subsequently set up) and present decentralized administrative offices were to be continued.

University funding in keeping with the Federal-Provincial Fiscal Arrangements Act was channeled to the Consolidated Revenue Fund of the provincial government and redistributed through the Higher Education Commission in the form of grants to the universities in support of their operating budgets. The provincial government has subsidized costs beyond the federal grants.

An Interim Assessment Five Years Later

Variations in service and standards still exist because facilities, equipment, courses and staff need to be financed on a priority basis. In spite of the variations, progress has been achieved.

Larger school units, stimulated in part by federal-provincial buildings grants (now terminated) are being constructed; consequently, numbers of high schools have decreased from 175 in 1966-67 to 72 in 1971-72; numbers of teaching and non-teaching staff have increased more rapidly than student enrolments (In the last five years, we have added teachers on the basis of about one for every eight students.); holding power Grades 1 to 12 has increased at an average rate of 2.8 per cent per year as compared with 1.8 per cent per year for the preceding five years prior to 1966-67; numbers of teachers with one or more degrees have increased from 10 per cent to 46 per cent; curriculum offerings have been upgraded to the extent that a 12-year program in New Brunswick is, we hope, the equivalent of a 12-year program in other provinces. That bespeaks quite a story of curriculum development.

Pressure on provincial revenues remains high and is likely to intensify because the province began to finance jointly a federal-provincial medicare program on January 1, 1971. The competition for provincial funds for all provincial responsibilities can be expected to intensify yearly. The policy of the federal government for post-secondary education, the provincial decision for collective bargaining for the public service and participation in unemployment insurance coverage for another 25,000 public employees effective January 1, 1972 are further constraints.

This competitive factor may well determine the extent to which educational finance decision can be decentralized. The provincial government will probably want to retain fairly firm control of educational expenditures as long as the fiscal outlook remains tight. This is, in fact, one of the main arguments in favour of provincial take-over. Educational requirements can now be weighed alongside other programs by officials who are responsible to the electorate for the full gamut of human services. These officials have all the means (the tax system and expenditure responsibility) to make the hard decisions that are necessary.

Particular Provincial Problems in Financing Education

1. The cost factor as related to provincial programs, equalized assessment and improved opportunities

The total provincial budget and the total educational function budget are on a steady incline.

The tax effort and debt burden of New Brunswick are among the highest of all provinces despite approximately 40 per cent of revenue from the federal government.

Aggravating the problem is an under-utilization of manpower, higher than average unemployment, relatively severe seasonal unemployment, a low level of per capita income and of investment; outward migration and severe welfare problems.

2. Competition with increased demands for service in other departments of the provincial government

Health and welfare appear to be requiring increased funds and certainly the government must give increasing priority to economic development if the ever-increasing cost of service programs is to be met.

3. Rationalization of a broad tax base for general improvement of services with the need to stimulate innovation and dynamic local participation

With provincial assumption of costs, a desirable balance of tension is reduced or missing at the local level to aid in the screening process of coping with a full demand for services emanating from all localities.

4. Problem of peaking public school enrolments and continued cost increases

Elementary enrolments are decreasing but they are more than offset by increasing percentages of students at the secondary and post-secondary level where the unit cost is higher. The projections to post-secondary education reveal the possibility of increasing numbers and may well challenge the capabilities of our provincial economy.

5. Lack of long-range planning, consultation and cooperation for the proper utilization of staff, facilities, programs and resources at the local, provincial and Atlantic levels

I can see in education a lot of overlapping in the public school system and the trades and technical institutions. The observations and recommendations of many of the studies and commissions of the past twenty-five years are still valid.

6. Reluctant use of modern technologies to improve the planning process and to provide alternatives to uneconomic programs

A fragmentary rather than co-ordinated use of computerization has given too little lead time for decision-makers to consider problems before the critical stage. Many of the decision-makers in our province and others are at the crisis stage all the time.

There is the possibility of expanded use of technologies to accommodate individual and small group programs at the secondary and post-secondary levels where numbers may be too small to support a specialty.

7. Education -- a labour intensive activity

Eighty-six percent of school board operational budgets are allocated for teaching and non-teaching personnel. Consequently, there appear to be limited funds for such other needs as research, planning, instructional materials and innovation.

8. Problem of proper evaluation of the effectiveness of current programs in order to determine what best should be retained and what should be changed

The cognitive domain needs improved measuring instruments, especially in French language instruction, and the affective domain needs more research.

Closing Observations

Provincial assumption of finances requires a careful analysis of costing in terms of appropriate programs for elementary, secondary and post-secondary education and a forecast of possible flow of funds over a longer period to enable the Department, school boards and post-secondary institutions to establish priorities and adjust programs more effectively. We seem, in our budgetary processes, to react to what comes up without giving some indication of what may be possible in the foreseeable future.

More carefully defined roles are required for departments of government and school boards in order to eliminate overlapping functions and better establish the accountability of each sector.

Provincial financing of education over the past five years has been directed toward new buildings ($90,000,000) and equipment ($18,000,000); expanded transportation (589 buses in the last five years); increasing numbers of teachers for school boards (with placement and utilization of teachers determined by boards); increasing salaries through collective bargaining; upgrading curriculum offerings and the provision of adequate undergraduate programs for English and French-speaking university students as well as alternative programs in trades, technical and continuing education.

Competition for educational funding within a province of 28,000 square miles and approximately 634,000 population should not hamper the development of the whole province. Despite valid regional and cultural differences, the cooperative interplay of the segments is essential to provide rational solutions to its critical problems.

It has been said that current problems are often analyzed by decision-makers employing strategies of a preceding era; outcomes are really decided by those having the foresight to employ new strategies. Herein lies the challenge.

THE CTF EDUCATION FINANCE PROJECT

GERALDINE CHANNON
Executive Assistant
Canadian Teachers' Federation

I feel rather hesitant coming before you today to review the CTF project, for two reasons. First, many of you here have been in touch with the project since the beginning and may be impatient with a review. But I hope you will bear with it, since there are others who are joining us for the first time and may be interested in the pattern of activities of which this seminar is only one part.

Secondly, I am also hesitant to speak because I am substituting for Norman Goble, CTF's Secretary-General, who was, more than anyone else, the originator of the Education Finance Project and who should have been the one making this presentation. Mr. Goble is at present out of Canada on CTF business. However, he has asked me to convey to you his sincere regret at being unable to join with you in your deliberations at this meeting. Fortunately, he has left me the notes for his presentation, which as you recall should have been made in January. I shall be quoting liberally from these notes as we go over the project.

CTF has always been concerned about the financing of education, and has engaged in a continuing series of studies and conferences over the years. The present project, however, represents an intensified effort to come to grips with the real problems in education finance and to find some solutions.

Adjustments, of course, are always being made to systems of finance. All too often, though, they seem to do about as much good as, say, rearranging the deck furniture on the Titanic. Other adjustments, it may be added, have taken on more the appearance of the fatal iceberg.

I shouldn't imply, I suppose, that education is a sinking ship. It might be more apt to look on education as a beleaguered fortress, whose inhabitants are slowly being starved out, as the lifelines of resources and supplies are being cut off.

At any rate, the shadow of the future must have fallen across CTF in 1968 when the planning for this project began. That was still before the strict budget guidelines, before the "fight against inflation" and the stock market decline, before the term "accountability" became fashionable.

As Mr. Goble has pointed out, the initial impetus for the project was an awareness that the most recent CTF conference, held in 1967, had failed to answer certain pertinent questions:

1. How sound are the present arguments for spending money on education?
2. Where is money most needed?
3. Can we measure the worth of what we spend the money on?
4. Can present financing arrangements carry the load of demands?
5. How should we apportion responsibility for seeing needs and seeing that they are met?
6. How can we relate resources to needs across political borders?

In other words, CTF was asking not only whether education finance was rational in itself, but whether it was rational in terms of the current societal context. For the test of a good, rationally organized system of publicly financed education would be its fidelity to current concepts in the four key areas of (1) the rights of the individual, (2) the needs of the social community, (3) equity in the distribution of costs and (4) propriety in the raising of money. A system which accommodated to the currently prevailing concepts in these areas would be either acceptable, or properly enforceable, or both.

The program of enquiry finally began in 1970. Its overall goal, ambitious but necessary, has been to establish the basic principles on which must rest a rationale for the public financing of education in Canada in the present decade. The events which have followed, and of which this seminar is only one part, have been designed to lead to this goal. Before describing these events, however, it should be pointed out that there have been certain assumptions in the CTF project.

First, there has been the assumption that education is, and properly must remain, a public activity. As a public activity, it has a claim on the public purse. To say that this is an assumption is to imply that it is not open to debate. On the contrary, this very point is being debated at the present time with great vigour -- and much noise -- as everyone knows.

Still, every enquiry must have a starting point, and the starting point of the CTF project is the conviction that education will remain a mainly public endeavour.

Let me quote here Mr. Goble's comments on this point:

We are born to a condition of conflict between our private desires and the well-being of the species. In this we are no different from any other creature. Where the difference arises is in that the conflict is regulated, for other species, by the even-handed and ruthless justice of nature. Man, who has learned to live in defiance of nature, must in consequence seek his own justice (less even-handed, but also -- thank God -- tempered by sentimentality; also by the unique dignity which the human species accords to its private desires).

It is a function of education to ensure that each of us, despite his private desires, acquires both the competence and the will to contribute to the well-being of the species. It is no less a function of education to ensure that, as we mature, we learn to comprehend the essential conflict and to take responsibility for regulating it in ourselves. Both these functions are too vital to the common good to be left to the random operation of private processes. So is the democratic imperative of ensuring that the resultant system respects the value that we set on our private selves. In the interdependent society of an industrial nation, and especially in a democratic state, education has to be a public responsibility.

Equally, these functions are too important to be allowed to be secondary purposes. Certainly they must not be secondary to the pursuit of private profit. They must be functions of a system that has no prior goals, and that is financed and renders account purely on the basis of the purposes derived from these functions. They must be functions of a system that guarantees its exclusive commitment to the protection and advancement of the public good, and which, since it must serve the political purpose of promoting democracy, must be amenable to the political control

of democratic institutions. The public education system must be publicly financed.

The second major assumption underlying the CTF project has been the belief that the present apparent crisis in the financing of education is not an economic or an administrative crisis. It is a crisis of society, of politics, of values, of ideas and ideals, of goals. If you will forgive me for borrowing some popular titles, there has been a "Crisis in the Classroom," producing "Compulsory Miseducation," leading to demands for the "Deschooling of Society" and driving teaching underground as a "Subversive Activity." It's no wonder we're all suffering from "Future Shock" and wondering when the "Greening of America" is about to begin.

The present school system, it seems, is not pleasing anyone. Dr. Robert Jackson, head of the Ontario Institute for Studies in Education, has put it very succinctly.[1] "If", he writes, "one considers the famous reference to the race between education and catastrophe, the message I get from many of our youth is that we have bet on the wrong horse, that catastrophe is preferable to schooling as we know it today."

What does this have to do with education? Consider this further quote from Dr. Jackson: "Simply stated," he says, "the sort of education we are now providing is proving to be too expensive."

Let me continue quoting Mr. Goble's comments:

There it is in a nutshell. The crisis is not one of economics. There is no crisis in the financing of beer production, or betting on horse races. Retail sales are at a record high level. Records, tapes and stereo components are selling as never before. Money, though perhaps ill distributed, is still abundant. Think, for just a moment, of your own recent purchases, and then remember that the total per capita cost of formal education in 1970-71 was just $322.

It is not <u>education</u> that is proving to be too expensive. It is <u>the sort of education that we are now providing</u> that is being judged by politicians to be too expensive.

I say "by politicians" because it has been a political decision to contrive a crisis in the financing of education. There has been no taxpayer revolt, in spite of the falsetto squeals of the less scrupulous newspapers. Refusal has come from the tax <u>collectors</u>, not the taxpayers. But we have to respect the judgment that politicians make of the public temper, not only because they hold the purse strings, but because they are professionals in the art of guessing, and if their guesses were not good they would not be in office. Besides, there have been cases where they have seemed to have a real and well-informed concern for the public good.

The crisis, then, is in the apparent mismatch between the beliefs and aspirations of contemporary Canadian society and the character of the education system that society is being asked to support.

If that is so, the way out of the present impasse -- an impasse created quite consciously by governments by setting immovable vetoes in the path of apparently irresistible cost increases -- is not to be found through study of the mechanisms of

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[1] Jackson, Robert. Introduction to <u>Alternatives in Education</u> (Toronto: General Publishing Co. Ltd., 1971)

distribution. Such a study would not be without its rewards -- there are many inequalities to be resolved, irregularities to be tidied up, absurdities to be remedied (or at least disguised by renaming). But the problems of distribution are secondary to the main issue.

Nor is a solution to be found through cost-benefit studies, improved accounting or installing of PPBS, or other such borrowings from industrial models. If there is a solution, it would seem that it must be sought through a reform of the school system that would make it more responsive to real, perceived needs. It would then be a little easier to explain the value of the goods that must necessarily be offered at a fairly high price.

In summary, then, these were the basic assumptions -- that education will remain a public endeavour and that the crisis in education finance is basically a reflection of clashes in society over the aims and value of education.

Having reached these conclusions, the CTF Education Finance Committee decided in 1970 that it was timely to make an attack on the problem of documenting the incompatibility between expectation and performance that had produced the apparent crisis of confidence. Two eminent Canadians, Dr. Woodrow Lloyd and Dr. Guy Rocher, were asked to prepare initial assessments of the expectations of Canadians -- both as individuals and as a collective society -- for education.

The paper by the late Dr. Lloyd dealt with the question "What may society properly require of the educational system and of the individual for whom society provides educational facilities?" Dr. Lloyd discussed these initial expectations under the broad headings of "capacity for decision-making," "achievement of a Canadian identity," "economic well-being," "preservation of the environment," "self-renewal of society," "human relations" and "global obligations."

Dr. Rocher, looking at education from the point of view of individual expectations, drew attention to the continuing conflict between those who view the schools as purveyors of conformity, discipline and detail and those who view the schools as promoters of creativity, freedom and a search for the essential. He drew attention to the dichotomy between academic and vocational aspirations. He suggested also that there is a cultural revolution under way, leading to the creation of a new man and a new society, and that this would be the source of continuing conflict in expectations for education.

These initial presentations were dissected at a "mini-seminar" in February 1971 and from them a set of important statements was derived for discussion at a larger seminar held in Montreal in May 1971. At that seminar, each statement was discussed in terms of the deficiencies in our present educational system implied by the statement and the means which must be employed to remedy these deficiencies. The ensuing discussions were recorded, analysed, and summarized in the proceedings of that seminar.

Up to this point, we have been dealing mainly with what might be called the "demand" side of the education finance picture. Our next concern was to bring in the "supply" side. Where is the money for education to come from; how is it to be allocated; who should control this allocation? Are there unexplored sources of revenue? How can we ensure efficient use of our resources?

We could probably have treated these topics in isolation, focussing on the mechanics of taxation, allocation and distribution. However, we chose, instead, to marry the previous work on the educational needs of society and individuals to the more mundane questions of cost. Accordingly, we went to the record of the discussions of the May seminar in search of the basic themes. We were, I think, a little disappointed that the needs were not so explicitly stated as we had hoped. However, close study revealed four major recommendations for educational improvement on which there seemed to be a genuine consensus. We have called these the "educational imperatives" and have presented them for your consideration at this meeting. These are the four topics from which you have selected one for detailed discussion. We shall be asking you, in your discussion groups, to bring these general ideas into the realm of reality, by making them concrete in terms of resources needed and by assigning costs to them.

It would be appropriate to emphasize here that this is not a seminar designed to provide you with new knowledge or supply solutions to your problems. As those of you who attended the last meeting in May will recall and understand, the invitation to be present here is an invitation to provide input, not to receive output. It is an invitation to you to put your heads together with colleagues from across Canada and try to work out some logical conclusions from the statements you and your peers left us with last spring.

Those who took part in the last phase of this enquiry felt that the experience of meeting in this way, for this purpose, was well worth the effort and the investment. I hope that you will feel the same at the end of this session. You must realize at this stage, however, that there will be no decisions or resolutions to take away from this meeting. Instead, you will leave us a set of considered opinions which will be analysed, tabulated, and presented to Dr. Moffatt as the last stage of input to the final report on the enquiry.

Dr. Moffatt will be speaking to you at the conclusion of this seminar. However, his major task, and one on which he is currently hard at work, is to take the ideas from the different stages of the project and mold them into a report centering on a rationale for financing public education in Canada. The CTF Committee will be looking at a first draft of some of this report this week. We are hopeful that the full report, including the ideas from this seminar, will be available by fall.

If this seminar, and the enquiry of which it is a part, take us even one small step along the road to rationality in our consideration of Canada's educational needs and the crucial problem of paying for those needs -- of getting value for our money and getting money for our values -- all the efforts will have been worthwhile. Your cooperation in the attempt is warmly appreciated.

REVIEW OF BASIC GOALS IN THE FINANCING OF EDUCATION

J. BARRY LACOMBE
Economic Council of Canada

In my talk this morning, I will not follow precisely the format which is used in the paper which you have, although I'll try to cover many of the points which are made in that paper. Because educational systems have made a large and growing claim upon society's resources, various criteria have been formulated to assist in determining the volume of resources to allocate to educational systems. The social demand approach, for example, would appear to have as its criterion the allocation of sufficient resources to the educational system to meet anticipated enrolments. Anticipated enrolments can be computed using demographic enrolment ratio and educational structure information. In other words, this is very much similar to the usual type of enrolment projection exercise which is done by many provinces and jointly by the Economic Council of Canada and Statistics Canada. Standards of admission, factors influencing individual educational decisions and the form of education are assumed constant. The analysis postulates, at least implicitly, the desirability of allocating resources to meet these demands. However, there is no "objective" test of the desirability of undertaking these expenditures. This assumption makes these studies of limited use in exploring questions of resource allocation. Where choices exist, it is the consequences of alternative actions which must be explored.

An alternative form of educational planning -- manpower planning -- views educational systems as one set of institutions among many training manpower for future labour market activity. Its implied criterion for the allocation of resources is that of providing resources to the educational systems sufficient to permit labour market requirements to be met. This is a type of study that has been done quite frequently by the OECD. Essentially, one assumes some structure of the economy in some future year and from this derives the various types of labour required to meet the anticipated output of the economy. In this framework, educational institutions should, as a minimum, seek to meet future labour market requirements for manpower in particular occupations and possessing various educational and skill levels. The major difficulties with this approach are the assumptions that substitution between a given type of manpower and all other inputs is not possible. Consequently, the relationship between outputs and labour inputs remains fixed. That is, if you have a technique of producing goods that requires, for instance, ten units of labour to produce twenty units of output, you're assuming that fixed over the future period for which you're doing these requirements.

The third major approach is that of benefit-cost analysis. The basic criterion underlying benefit-cost analysis is the relative contribution of each alternative to net income. The decision role is that of choosing alternatives which make the largest contributions to income. This is the criterion for allocative efficiency. It is concerned not only with the knowledge that benefits are produced but with the cost of

obtaining the benefits. Application of this rule will provide for maximum income given the existence of scarce resources.

In a broad sense, then, we have three basic types of planning in the educational system. In our paper, the first section utilizes the enrolment projection or social demand approach to compute the cost of education over the next few years. The basic inputs into the computation are two estimates of future enrolments and two estimates of cost per pupil. Needless to say, estimates of cost per pupil are quite sensitive to the type of technology which will be used in educational systems in the future. So we have more or less assumed a given technology, that is, a given type of student-teacher ratio, a given use of capital inputs, and so on. For one set of projections, cost increases of 6 per cent for elementary and secondary, and 8 per cent for post-secondary were postulated. In the alternative set, it was assumed that costs would increase by one half as much. Reliance upon the first set of assumptions indicates that educational expenditures would be about 10 per cent of Gross National Product in 1980, as opposed to 6 per cent at the present time. If, however, the alternative set is used, educational expenditures would account for about 5 per cent of GNP in 1980. Regardless of the assumptions used, it is evident that elementary and secondary education will be making a smaller relative claim on the total educational budget over the 70's. This is primarily due to the changing age composition of the population. So, even though the educational budget may make a larger claim on the total of society's resources, the relative position of elementary and secondary vis-à-vis post-secondary will be reduced.

As was noted earlier, this portion of the exercise represents an attempt to determine educational expenditures using the social demand approach. The second portion of the paper attempts to impose a more rigorous resource allocation criterion. The argument is that costs and benefits of alternatives should be considered. Since the benefits and costs incurred in the provision of education occur over different time periods, it is necessary to take into account that the benefits and costs at one period are not the same as those of some other period. The process used is that of discounting benefits and costs to some initial period. If, for example, one were to purchase a bond for $100 yielding 8 per cent per period, the value of that bond would be $108 in period two. Discounting is essentially the mirror image of this evaluation. If the value of the bond in period two is $108, and a discount rate of 8 per cent is used, the present value of the bond in the first period is $100. So, it is just the converse of the normal interest type calculation. Discounting attempts to convert income to be received in the future back to its present value. The principle underlying the discounting process is that society and individuals are not indifferent to the timing of the benefits realized from a project.

Having chosen a discount rate, it now remains to discuss alternative methods for comparing the benefits and the costs. In general, three basic methods have been used: benefit-cost ratios, net present values, and internal rates of return. The formula simply says that you sum your benefits over a given time period and divide that sum by one over one plus r to the power t where r is the rate of discount and t is the time period away from the initial period. So if you had a benefit that would be coming, say, ten years from now, and your discount rate was 10 per cent, this would

simply be to the power ten. When I run through the example, we'll see how this type of thing works. Now, all the others can be derived from this quite simply because they all come from the same formula. The net present value is obtained, not by dividing discounted benefits by discounted costs, but by taking discounted benefits and from them subtracting discounted costs. The internal rate of return is essentially this formula, except that in solving for the net present value, you assume the net present value is zero and solve for r -- the rate of interest which will result in discounted benefits equalling discounted costs.

All of these rules can be reduced to the same formula. In the first two, the discount rate is externally specified, that's with the benefit cost and net present value computation, while in internal rate of return calculations, the computed internal rate of return represents the discount rate, the r, which sets the net present value at zero. If one is considering only one project, then the rules for selection are to choose the project if its benefit cost ratio exceeds unity, if the net present value is greater than zero, or if the specified discount rate is less than the internal rate of return. That is, if you find an internal rate of return of 10 per cent, and you say I'm willing to accept anything that yields 8 per cent, then you would go ahead with that project.

When more than one project is being considered, but only one project can be chosen, either because they are mutually exclusive, or because there exists a capital constraint, the problem is which project should be chosen. The fundamental underlying criterion is that of choosing the project with the highest net present value. This rule is not the same as choosing the project with the highest benefit-cost ratio. In lots of the literature in the public domain, a great deal of reliance is placed upon the use of the benefit-cost ratio. A much better measure to use is net present value. Choosing the project with the highest benefit-cost ratio is equivalent to taking the project with the highest net present value divided by the sum of discounted cost. So, two alternative ways of framing the rule under the conditions outlined above are the rate of return over cost which equates the net present values of two projects, and an incremental benefit-cost ratio which is essentially the same.

WALTER HETTICH
Carleton University

I think I'll carry on where Barry left off and perhaps take a step backwards once in a while to try to explain further some of the points that he made. I might make one comment on the example that he gave you, where he computed the internal rate of return and it turned out to be 75 per cent. As we said to each other at the table here, only real estate speculators come up with rates of return of that magnitude. In education, I'm sure, the rate of return is around 10 or 15 per cent, so let's not be overly optimistic from this demonstration.

I was given the task here of talking about the integration of efficiency and equity criteria, and this is a somewhat technical matter, but I will try to make it as simple as I can and I will try not to get involved in formulas too much, seeing that Barry has already done that. Let me just begin with a definition of terms. First let me briefly define efficiency, and then go on to the meaning of equity.

Now I'd like to distinguish between two types of efficiency. I can supply you with two types of technical terms. Let's look at something first that's called x-efficiency, which deals with these questions: Are we using the best-known or available methods to achieve our goals? For example, in education, are we using the best available teaching methods, assuming now that we know what we want to produce in the students. Do we have the right kind of class size? In general, we ask ourselves if we are using the proper methods to achieve our ends. The second type of efficiency is a broader kind of efficiency, and that we call economic efficiency. To introduce you to the difference you can think of it in this way: Assume that we have solved our problems of x-efficiency -- we are using the most efficient methods of producing what we want to produce -- there is still a problem left to be solved. Namely, we still have to ask the question, should we do the project at all? For example, we could be producing a supersonic airplane with great efficiency, but society, after all, may not want a supersonic airplane at all, or it might not be economically efficient to have a supersonic airplane. There might be in the end very few people travelling on it, but we might have a very efficient technology to produce it. It is economic efficiency, then, that I want to talk about.

The concept of economic efficiency implies that we have a number of projects and that we want to choose those projects which are economically the basic ones. When we make a statement, we start from the assumption that we have a fixed budget -- our resources are limited. If we wanted to do all the projects, we would exceed our budget considerably, so we have to rank our projects and just do those which are within our budgetary limits. How would we do that? Well, we have to establish a criterion according to which we could rank our projects. The criteria that we would use, if we are concerned with efficiency, would be the criteria such as outlined by Mr. Lacombe. In fact, we would be asking, what net contribution to the increase in national income are the various projects making? In answer, we could calculate the net present value and would rank our projects in descending order; then we could start at the top of the list, and go down until our budget is exhausted. This would be achieving our goal of choosing the economically most efficient projects.

On Friday, I attended a seminar organized by the Federal Treasury Board. There were a number of analysts there and they were talking about cost-benefit procedures. The discussion was very interesting because it became clear that, among all analysts these days, efficiency is an important criterion, but it's not the only one. We don't want to make decisions only on an efficiency ranking of projects. We also want to bring in distribution or equity considerations, and governments, of course, have long been doing that. They don't just choose the most efficient projects. They are also interested in who gets the benefits of particular projects, and who pays the costs of these projects.

When I say we want to bring in equity, I mean we want to address ourselves to these two questions: Who are the beneficiaries of these projects and who pays for these projects? The analysts at that seminar, who work in various departments -- department of transport, secretary of state, and various other federal departments -- are mostly interested in the distribution of gross benefits. What I mean by gross benefits is that you disregard, for the moment, who pays for the project. Why?

Well, because the funds are raised by the federal government in the tax system, and it's not the task of the analyst in a governmental capacity to look at the incidence of taxation. However, they are interested in the incidence of the distribution of benefits of various projects among recipients. Now how do you make this more concrete? You ask yourself, for example, what is the income group of the beneficiaries? What percentage of the beneficiaries falls in an income group having $10,000 or more, $7,000-$10,000, $5,000-$7,000 and so forth. In the federal government, they're also very interested in the distribution of benefits by region. You ask yourselves, what is the proportion of these benefits accruing in the Maritimes, for example, or in Western Canada, or in Ontario. You could also be interested in reaching primarily the aged or the unemployed, and you would want to make sure that these programs actually reach these target groups. Therefore you would want to calculate where the final benefits are actually resting, and you would want to tabulate this and give tabular material to the decision-maker.

The decision-maker, then, gets two sets of information. He gets projects ranked according to net present values; that gives him information on the relative efficiency of the projects. In addition, he gets a display of the distributional implications of these various projects, and he takes both of these types of information into account in reaching his decision about which projects to undertake. Remember, we still have this administrator who has too many projects and only a fixed budget, and he cannot undertake them all.

Now, it is clear in your mind, probably, that equity considerations and efficiency considerations will conflict. You often give up some efficiency to have improved equity. The following example will, I hope, illuminate this: It might be much more efficient to concentrate your educational resources on the bright children, or on the children from middle class families, if you were just looking at increased productivity as an output. On the other hand, you may, in fact, want to concentrate your resources on the children from disadvantaged homes because you have strong feelings about equity. There is clearly a conflict of goals here and there is a trade-off between increased efficiency and equity. How do you make the choice? Obviously there is no scientific answer. What we attempt to do is to make the choice more explicit, to force the decision-maker to face the trade-off in a rational way and then make a choice, in a conscious fashion.

There are some simplifying techniques for making choices when you have both an efficiency and an equity goal. They have been used quite widely, and they go something like this: Let's say we have an equity goal first, and let's say that the equity goal is that we want to reach mostly people with an income below $5,000. Or let's say, in regard to education, that the goal is to reach those school districts which have a high proportion of educationally disadvantaged pupils. Then you say, all right, we will just consider a subset of projects, namely those which satisfy a minimum criterion of equity. That means we only consider those projects which take place in districts that have a defined proportion of culturally disadvantaged students. Then, within this set of projects, we apply the efficiency rules. We take those projects which are the most efficient ones from that subset of projects.

We could, of course, do it the other way around. We could say that all the projects we do must satisfy a minimum goal of efficiency -- they all must pay a 5 per cent rate of return. But of all those projects which pay a 5 per cent rate of return we take only those which we like best according to our equity criteria. Again, we establish a ranking, and we go from the top down and undertake those which are the most equitable projects. This approach has been widely used in the United States poverty program. It's also widely used in many government agencies as a way of integrating efficiency and equity. There are more formal ways of establishing this trade-off, of actually figuring out trade-off curves. If you give up so many dollars in increased national income, you will achieve so much more equity. Equity has to be defined, then, of course, in a numerical way. The establishment of such trade-off curves is a very complicated matter, and, except under special circumstances, I think that it is probably not necessary to establish such curves. I think it is very useful to do that in large programs where very large amounts of money are being spent, and where you can build up a set of analysts who can work on this kind of thing in an intensive fashion. Otherwise, however, I think the approach is just to combine the two with rules of thumb as I have outlined.

I want to stress here what I feel is very important, and this is that people, mainly economists who push benefit-cost analysis or PPB are not really interested in forcing the efficiency criteria down people's throats. This is not really what is behind benefit-cost analysis. You can perfectly well integrate equity criteria into the analysis. What we are trying to say is that we should make the analysis more systematic both with regard to efficiency and to equity, and we should specify our equity goals in a more quantitative manner, or at least try to, so that when we rank projects, our choices will be more consistent when we finally make them.

FINANCIAL PROBLEMS OF SCHOOL BOARDS

BRUCE WATSON
Assistant Director, Economic Welfare
British Columbia Teachers' Federation
Panel Chairman

Unlike Bob Gordon, I have no Scripture this afternoon. It's no longer Sunday. My Bible wasn't open this morning. In structuring this seminar, the Committee expressed concern that many delegates would want to hear and be able to discuss with some of the panelists the problems facing and being faced by local school boards. Last night we heard from the provincial department of education officials and this afternoon we wish to hear from some persons in the local school board area. Last night, also, all the speakers mentioned the word ceilings, or controls, and again, this would be an opportunity now to discuss how local school boards are operating within these financial controls set by the more senior government. On the panel today are three gentlemen whom I am sure you will agree are well suited to discuss these particular problems. We propose that each panelist make a short presentation, followed by interaction among the panel, and, as with last night, questions from the floor. Our first speaker will be Keith Cooper, Superintendent of the Rolling River School Division, with his headquarters in Minnedosa, Manitoba.

KEITH COOPER
Superintendent
Rolling River School Division No. 39
Manitoba

Everybody that has gotten up here has mentioned the Bible -- so I won't do that. I'll simply say that to those of us from Manitoba, it sounded last night as though it was another instalment of the gospel according to St. Bob. I would like to express my pleasure for this opportunity to talk about the financial and related problems of school boards. I must confess, I'm a little worried about it, being sort of a country boy, and coming to the big city. I was worried about it to such an extent that I wandered around my home for days wondering what I was going to say, and my wife said to me, "What are you worried about?" And I said,"Well, they've asked me to say something, and I'd like to try and make it intelligent." She said, "Don't worry about that; if that's what they'd expected, they'd have asked someone else." So, with that kind of a beginning, maybe I can go on.

I should make a couple of things clear about the situation that we in Manitoba find ourselves in. We are funded by the combination of foundation programs, inputs from the province, and a supplementary special levy which is raised by the local school division board and, I might add, to which there is no ceiling. That is, unless you consider public opinion. The local school division may levy to its member municipalities whatever amount of dollars it wishes to levy to meet whatever needs it feels are necessary. That, of course, is the situation now. But for the same reasons that have brought us all together here, there have been some discussions take place, and there are all kinds of rumours, and certainly there is the possibility, or the threat, that

there may at some point in time be some kind of ceiling. So we're looking very carefully at what has happenened in other provinces.

This special levy that I mentioned is, of course, a direct tax on property, and maybe, in discussing the problems that school boards have, this might be a place to start. You see, when we began the present system of school organization in Manitoba, it was a system which was called unitary school divisions. It brought, as Bob Dalton told you last night, all the many jurisdictions together, and there were something less than 50 school divisions which were responsible for all phases of education from kindergarten to grade 12. When this reorganization took place the foundation program, which is the provincial input, was also initiated.

The foundation program that was initiated at that time has really not changed and, as a result, every increase in spending that school divisions must make is a special levy increase. Now there have been changes in the method of funding, and the kinds of changes have been, in one way, very gratifying, and in another way very interesting. As the funding system has changed, it has meant that the property tax, which puts money into the provincial treasury for the foundation program, has been decreased. But while the general levy has been decreased, the special levy which the school division must collect keeps going up. So you know, I think, what this means in terms of who the bad guy is. Thus the problems that the local school divisions have, or one problem that local school divisions have, is an attempt to interpret to the public just why there is a special levy. After all, the foundation program was introduced to meet the basic costs of education. So, if the foundation program equals basic costs, which it doesn't, but since it was supposed to, and since this is still in a lot of people's minds, then that special levy which keeps going up year after year must obviously be for frills.

Of course, one of the real reasons why the special levy continues to go up and up and up is the fact that teachers' salaries continue to go up and up and up. Our foundation program pays grants to school divisions on the basis of teachers' qualifications and experience. And it has not changed, and so the foundation program runs along pretty steadily, with its own inflationary increases. But teachers' salaries have, as you know, gone up, and so the special levy has gone up. Thus the only way a school board can explain to its ratepayers why there is a special levy is to say to them, "It's because the cost of teachers is continually rising." Teachers' salaries <u>are</u> continually rising, but this certainly creates a problem for the school division board and, as important, for its teachers, because recently this has tended to bring about, in the kind of school division in which I work (which is a rural school division), a real anti-teacher kind of feeling, because these are the people that cause that property tax to go up. So that's one very real problem that the school division boards have.

A second, related problem, and one which cannot be overlooked, is the lack of understanding that exists among the ordinary taxpaying public about what the whole education finance bundle is all about. It would be one thing simply to be able to say to people, "This is what you're paying for at the local level. You choose whether you want it or not." But that is not the case. As a result of some of the things that I have mentioned and some of the things that I haven't mentioned, there is a real

hostility toward education. And I would suggest to you that the most significant problem that many school division boards face is not just the hostility toward costs, but the related hostility toward education generally, and those things which are involved in education.

Let me use this as an example. Five years ago a homeowner in the town in which I live paid more property taxes for education in 1967 than he will in 1972. Not less, but more. But the degree of hysteria, the degree of irrational response to the cost of education, just wipes that particular fact out altogether. Somehow people forget, somehow the message isn't getting through, somehow there isn't the kind of communication which is necessary. As a result, even though a different kind of provincial funding has been introduced, which means that people in my community will pay less property taxes in 1972 than they did in 1967, we have never had the kind of hostility that we're experiencing this year. And that is a real problem, because it's kind of interesting to talk to people who aren't even prepared to listen to the fact that they are paying less actual dollars in property tax.

One other thing I have to mention, even to meet my own need, is the thing that the people from the provinces raised last night. That is the whole inequity in the property tax system, in the kinds of property tax that exist. In Manitoba, statistics tell us that in 1971 the average net income of farmers was $1200. In the kind of school division in which I work, which is pretty typical of most rural school divisions in Manitoba, 66 per cent of the assessment in our school division comes from farm property. And that means that 66 per cent of the property tax that is required in our school division comes from people with an average net income of $1200. That's a problem, because that means that even though there are no provincial ceilings, there are pretty real ceilings in the minds of the people who represent the public on the school board. They just can't see raising that special levy, so, in effect, there are ceilings being imposed all over the place. For instance, if the provincial government in Manitoba was to impose a ceiling of let's say 5 or 6 or 7 per cent on operating costs of school division boards, the special levy would still continue to go up, and there would still be an increasing amount of hostility toward teachers, toward education generally.

Now I think the other thing that school boards are really having difficulty in dealing with is a feeling which I might describe as ambivalence, or confusion. You see, in 1967 the foundation program was an incentive to spend money. The province said, you may do these things and we will support you with money. In many cases, many of these things had not been done before. Now, five years later, when school division boards all through the province had taken advantage of the incentive to spend money, everybody and his brother, or sister, is saying, "You spent too damn much!" And so, there is this kind of ambivalence and this kind of contradiction.

I think I would sum up what I am attempting to say in this way, if I may close somewhat flippantly. It seems to me that one might make a very good case for something like this: Once upon a time there were a group of politicians and they belonged to all parties. They decided that they needed somebody to be able to point the finger at. And who could it be? Well, it couldn't be highways because people can see roads and they can also see what happens when they drop into a hole in the road. And they

went through this kind of an exercise -- and whether it is conscious or unconscious, I would suggest to you that it is taking place. School boards, or rather education generally, is becoming a pretty convenient whipping boy for all kinds of politicians. The Minister of Education in Manitoba, for instance, a couple of years ago said "School division boards will have to start sharpening their pencils." Nobody, I think, would argue with that. But the Minister of Education was at no point and in no way prepared to say how or where or provide any kind of consultative input, except to say, "It costs too much." I think that one of the real problems that school division boards have is the feeling that they are being made the whipping boys because it's the one direct cost of a whole lot of services that people can see, and I think that's a problem that they're having real difficulty in reconciling.

GERALD J. McCARTHY
Research Associate
Nova Scotia Royal Commission on Education,
Public Services, and Provincial-Municipal Relations

While I have been introduced as Research Associate of the Royal Commission, I would like to identify myself just a little differently. It is true that I am all that, whatever it means, but I'm speaking here this afternoon as Superintendent of Schools in Dartmouth, Nova Scotia, which is the position in which I more normally and regularly eke a fairly generous living out of a gullible and naive public.

I was very pleased with the religious tone that was set last night because I'm a very religious man and I'm glad to be able to be about my Father's business today. I am tempted to say further that I suspect that the real problem of school boards everywhere can be summed up in a very famous Biblical quotation, namely, "What man is there among you who if his son asked for bread, would give him a stone?" And you can define bread either in the conventional sense or in the modern colloquial sense in this case. It's lack of money that is the problem and lack of any resource to raise it locally because, of course, the only resource is the highly regressive property tax which, in our part of the world at least, is, by general agreement, at its limit.

Now, setting the Nova Scotia context quickly, but I hope for this audience not confusingly, since 1955, and until sometime in the recent past, and I don't think anybody's quite clear when, Nova Scotia operated under a variant of the Maryland foundation plan by which the programs the province would support were defined by a series of scales. Municipal units were required to support this to the extent of a fixed mill rate, upon a provincially equalized assessment. The province picked up the remainder in unequal amounts, related to ability to pay. This was compounded a bit by the fact that over the years there developed, in a sense, two foundation programs -- one mandatory, that had to be maintained, and another optional. Of course, the more affluent boards, the more ambitious boards, the boards with more ambitious and energetic professional advisors and more clamorous publics tended to take advantage of the optional program. Over a period of time many of them did because, as has just been said, it involved a certain kind of incentive to spend money and there were always provincial employees around telling you that you were a fine fellow if you took advantage of these optional opportunities. There was also open to you the possibility of taxing your own citizens even more viciously in the property rate and going into matters beyond

the foundation program altogether. And this, of course, was not frowned upon, at least provincially.

Sometime during the last two or three years, superimposed upon this have come the terms of an Education Assistance Act which, in effect, has largely suspended the foundation program. The programs in which the province will share are now determined by a committee set up by the province, with the results coming out in the form of a ministerial order which is the Nova Scotian equivalent of a ceiling. Now this change brought about the realization or revelation of certain shocking things. All during the happy years, the foundation system was celebrated as being a partnership, and indeed it was regulated from time to time by a foundation committee on which all parties were represented. But when the crunch came, it became apparent that there is really no such thing as a partnership, except between equals. And when one partner can change the conditions of the partnership at any time, this is a very dangerous sort of a partnership into which to enter.

It reminds me somewhat of a story which is much too long to tell properly, but very briefly the Lone Ranger and Tonto, after having fought their usual brave, bold and brilliant fight, found themselves without ammunition, completely surrounded by hostile Indians who were moving in to the kill. The Lone Ranger turned to Tonto and he said, in effect, "Well, old friend, we've fought bravely many times, we've surmounted many foes, we've had a wonderful life together, now we must face this inevitable end together, we are at the end of the road", and Tonto said "Ugh, what you mean we, white man?"

I think that the boards appreciate the feelings that the lone ranger must have had at that point, because it seems to be a question of "What you mean we, white man?" For those boards which, believing that they were being good little boards, extended themselves considerably to introduce as many as possible of the services that could be provided through the optional program, it was a very difficult hour indeed. They found themselves now with responsibility but no power. They were also faced with an inherent lack of flexibility in their position. There was some mention made last night, of the more favoured places, of this being an opportunity for boards to set priorities but what we found was that it was an opportunity to set priorities only if setting priorities is defined as picking the best of a series of absolutely preposterous and impossible alternatives. There was really no freedom. Between the mandatory program, the demands of the public, and the contractual obligations into which the boards had entered, there was very little opportunity to use judgment in deciding how to hew to the line. On the contrary, we were more or less in the position of the woman in Browning's Ivan Ivanovitch who, as you will remember, as the wolves came up to the back of the sleigh, threw another one of the kids over to keep them at bay. It wasn't really a case of setting priorities. Presumably, it was a case of throwing off the kid nearest the end of the sleigh.

Certainly in the case of the boards it has meant that they could no longer suit their programs to their needs, because anything that they weren't doing they could no longer do. They were not in a position to decide to stop doing something in the mandatory program in order to provide a more necessary service. These are provincial decisions. They found themselves forced to do such things as reduce expenditures on maintenance, and had slightly dirtier and dingier and perhaps more

dangerous schools. They found themselves in the position of having to cut back in those areas within their full jurisdiction, such as supplies, on which they were already spending inadequate sums of money. But there was no real opportunity to set priorities because what has come to light is that what was always more or less mythologically believed to have been a local school system to which the province contributed a share is indeed a provincial school system to which the local authority was compelled to contribute a share according to a fixed rate, and administer under terms pretty stringently set down. This, I think, is the heart of the problem facing the school boards.

I think it is the general problem that should be of concern to such a conference as this in relation to boards. What do we mean by local autonomy? We surely must mean something better than this, if we mean anything at all. The boards are faced, as a matter of fact, with a dual problem in connection with autonomy, when it's become apparent that they don't really have very much. At the same time, a question is being raised on their other flank as to whether autonomy for boards, in fact, really means local autonomy at all, because there is now a hue and cry for autonomy at the school level, autonomy for professionals, and autonomy for parents so that they may be directly involved.

Of course, one of the things that has come to light in the crunch is that we've been proceeding for many years on some happy assumptions about what the people wanted, that apparently we never shared with the people. And there seems to be now some need to provide a system by which people can, in fact, have a more direct effect on what programs are provided for their children. It may be that, rather than adopting the old cry that municipal government is closer to the people, we should realize that there is a great deal more truth in the equally old proverb that you can't fight city hall. Therefore, some still greater decentralization of decision-making must come. Certainly, if there is to be an arbitrary limit to the funds available, and if we are to meet local interests, the local authority must have the power to determine how those limited funds are to be allocated.

One of the interesting things about foundation programs as I see them is that they do, in a general way, though we might debate how completely, do away with regional inequalities, if you consider this as a matter of relieving the financial inequality between one region and another. But they do not really do much to relieve the inequality between the children of one citizen and the children of another citizen within the region, and if this is to be dealt with, it would appear that there has to be some further decentralization of decision-making. In any event, that is where the boards sit. They have also had revealed to them, of course (I'm not particularly fussy to mention this but honesty compels me to throw it in) that they have possibly not exercised their prerogatives as fully as they ought, but have been inclined to rely over much on their professional advisors, who in some cases were greatly stimulated by the apparent need in recent years to innovate or perish, without too much careful thought as to the value or the costs of the innovations.

I hesitate to mention the last thing that I'm going to mention, but I notice that it, unless Homer's been nodding, hasn't really been directly spelled out at the conference. It's been referred to in a way that it often is. For instance, someone

mentioned the fact that education is a very labour-intensive enterprise. Now this has the advantage not only of sounding more learned than what I'm going to say, but also, perhaps, of being less controversial. But one of the problems the board faces, of course, is the fact that such a large share of its budget is devoted to professional salaries. From the point of view of the board, at least, discussing ways and means of controlling educational expenditure or its increase means having a look at this particular item, however difficult it may be, however unattractive it may be to me and to other members of the profession. It seems that some look must be taken at it and something rather more serious than the offhand references to the relief that no doubt lies around the corner in technology or something of this kind. On that, of course, I'm purely raising a question and adding nothing whatever to the general fund of knowledge or understanding. And no doubt, in fact, that's what I've been doing all along.

I think, however, that I've made the major points I want to make -- the question that we must look at of the unequal partnership of the one partner which has the responsibility, but little power, and therefore lacks any real flexibility in apportioning priorities. We're not really in a position to consider whether or not it is more sensible to spend money on Chaucer in the high school than on remedial reading programs in the elementary school. Nor indeed whether we can discontinue those well-meaning programs in science introduced at the grade four level some years ago when, you'll remember, we were seized with the notion that if the Russians produced a cat with two tails it was incumbent upon us to try for three.

I think that there has to be a more serious look at priorities and a greater opportunity for the people who are concerned and whose children are involved to have something to do with setting those priorities. I think there has to be through this same mechanism a better means of discovering what it is the people want, rather than what it is the professional advisors to the school boards and governments think the people want or should want or might want, if we could persuade them that they wanted it. Of course, there has to be some consideration as to a means of financing the darn ship other than through further levies upon property, but, if anyone has the answer to that, I wish they'd mail it to me. Essentially, I think that's what I have to say. The boards in Nova Scotia, or at least the one that I represent, are now in a position where, in effect, they have been told that it's up to them to make the decisions. It's up to them, as Mr. Cooper said, to sharpen the pencils. They have all sorts of choice. They have the same choice that Henry Ford, you remember, offered his customers in the days of the Model A or the Model T. You can have any colour as long as it's black.

W.J. McCORDIC
Director and Secretary-Treasurer
Metropolitan Toronto School Board

Any commentary on educational spending must, it seems to me, begin with a brief statement about the principal characteristics of the system whose spending is being studied. I'm from Ontario and, in our province, our evolving educational enterprise has been marked over the past decade by a series of changes, some significant, some

even spectacular. It may seem ludicrous to our colleagues elsewhere in Canada that in a province as affluent as ours the pressures of financing public education should have become as great as they have, but there it is. What are some of the developments of the past ten years? Enrolments which have, in fact, levelled off in the elementary school in the last two years nonetheless rose throughout the early part of the decade at a rapid rate. Secondary school enrolments continue to rise, increased by successive graduating classes from the elementary schools as well as by a remarkable increase in the retention rate. In a sample urban school system the proportion of the secondary school age group who have remained in school has risen over the past fifteen years from 55 per cent to 90 per cent. Across the length and breadth of our province twenty instant community colleges have sprung into existence. University enrolments have skyrocketed. And, as the number of clients have increased, the diversity and sophistication of programs, the range and cost of equipment, the quality and scale of school plants, and salaries of staff have also increased. For ten years, when the municipal tax bills came out, it's not a matter of whether the school rate was increased, but by how much.

Generally speaking, then, public interest in and support for programs which catered to the needs of handicapped children, children in low income families, and children in immigrant families where language is a serious deterrent to normal progress continued high. But the comparably high costs could not be absorbed indefinitely. Through much of this period, the provincial department of education had been an accessory to the expansion process, but now, out of necessity, it has done a complete right about face. Over the last three years the government has made a number of dramatic moves, all a part, it seems, of a strategy to control spiralling costs. On January 1, 1969, Ontario, last of the Canadian provinces to do so, I believe, moved towards larger units of administration. In our case, the county became the basic unit in the southern part of the province, and the district in the north. For the first time, it was possible for the premier of Ontario, the provincial treasurer and the minister of education to gather in one room the Chairman and the chief officer of each of the one hundred school boards in the province. They lost no opportunity in doing just this and set forth, in stark terms, a program of fiscal retrenchment aimed at both capital and current spending. Simultaneously, Bill 288 was adopted in the legislature, which gave the Department of Education the right to limit the spending powers of local school authorities.

The protests which this action generated were quieted by assurances that there was no intention that this new power would be used, and certainly not in the foreseeable future. Yet, only months later, the government announced that ceilings were to be set upon the amounts which local boards might spend for education. The ceilings were expressed in dollars per pupil. The numbers game thus became a matter of prophesying how many children would enrol the following September, applying the ceiling to the enrolment forecast and thus generating a gross budget figure. It was natural that the impact of the ceilings would be greatest upon boards who traditionally had spent more per pupil than other boards. By and large these were school systems in Northern Ontario, where salaries and other costs were generally

higher, and in the large cities, with greater and more numerous problems and a tradition for greater sophistication in programs.

The announcement of the ceilings ushered in an era of confrontation between the province and the local school authorities. Most local boards had built their budgets in the traditional fashion whereby needs and requirements were first identified at the school level, costed by the business staff, reviewed and modestly cut by cost-conscious boards, and the necessary tax imposed. It certainly became a new ball game to be given the final budget figure and then required to cut the cloth accordingly. In Metro Toronto, we referred to this change in budget strategy as a change from a "bottom up" to a "top down". Where the impact of the ceilings is the greatest, boards reacted by saying it just couldn't be done. Delegation after delegation proceeded to the office of the Minister of Education, the advocates contending that the program would suffer to the degree that the public would reject the government at a forthcoming election. But the government held its ground, went to the people on its platform of economy in educational spending, and won a much increased majority in the house.

All of this took place despite vigorous lobbies by various groups, including teachers, each one expressing dissatisfaction about what the ceilings were in fact doing to education. In our case, in Metropolitan Toronto, based upon the projection of a flat budget, i.e., one that anticipated no increase in program or services, we found it necessary to reduce the budget by about $13,000,000. Initially we too felt it could not be done, but the boards comprising the Metropolitan Toronto Federation hacked away at their budgets through many long and difficult meetings and by the end of the budget period we were so close to actually meeting the ceilings that the case for taking the government on had evaporated.

In the final stages our problems were relieved some by the agreement that those of us who were already above the ceilings would have an extra year to get down to the ceilings. We had originally been given two years, but under the new plan we could now have three. I suppose the local authorities were hopeful that the achievements of the first year would be followed by some lessening of the rigid thrust of the ceilings, but with the new ceilings for 1972 their hopes were dashed. While it was true the period required to meet the ceilings was extended yet another year, by 1973 all boards will be at the ceiling and, in our case, this means cuts in the flat budget for 1972 of $17,000,000 and a further cut in 1973 of $32,000,000. That's in a total budget of about $450,000,000.

My paper thus far was written for presentation at the original date of this conference. Since that time, the boards of the province of Ontario have worked their way through the process of accommodation to the 1972 ceilings. The key factors in this process have been weighting factors, and the distinction between ordinary and extraordinary expenses. A rudimentary system of weighting factors was applied to the first ceilings in 1971. The basic ceiling for schools in Northern Ontario was adjusted by 5 per cent in elementary and 5 per cent in secondary, and the ceilings in the five defined cities were adjusted by 5 per cent in elementary and 10 per cent in secondary. This was a fairly gross adjustment in deference to the special needs of these areas, and was not politically popular elsewhere in the province. In what

would appear to be a palliative to all boards, a complex system of weighting factors, to which George referred last night, embracing a number of categories, such as special education, density, salary levels and specialized courses, was introduced, from which nearly every board in the province gets a unique weighting factor.

The new weighting factors in the defined cities either maintained the spending levels of the preceding year or reduced them somewhat. The changes therefore improved the position of the rural boards at the expense of the defined cities, which were already caught in the relentless move downward towards meeting the ceilings. The moans and groans of the preceding years thus turned out to be a mere echo of the wave of criticism which emerged in 1972. In addition, the setting of ceilings for two years established expenditure levels well into a period for which there was no reliable economic forecast. While this had the decided advantage that it set targets well in advance, nonetheless, there was the real risk that these targets would be inconsistent with the economy of the time. For instance, wage adjustments for school personnel are negotiated in the same market as wages of municipal employees and other civil servants. It is unrealistic, therefore, by the imposition of ceilings, to impose what is tantamount to a wage freeze for school employees, while the rules of the marketplace continue to apply to other public employees. Fifteen per cent increases for policemen and garbagemen make it extremely difficult for school boards to hold increases to two or three per cent.

In various ways, the boards most affected by the ceilings in 1972 continued to pressure the provincial government for adjustments. The government held firm on the basic ceiling, but did concede that the new weighting factors might be adjusted if new data were offered. They also allowed certain expenditures to be reclassified from ordinary, which must meet the ceilings, to extraordinary, which do not. In our case, by a series of adjustments and recalculations, the reductions in our flat budget which would be required to meet the ceilings were reduced from $17,000,000 to approximately $7,000,000.

In our system of accounts, there are eleven major divisions. In Metropolitan Toronto, the key decision this year centred around account classification number eleven, which is the provision of funds for day school regular, and affects the number of teachers allocated to each board and the wages paid to them. In our two-tier system, teachers are allocated to boards in accordance with a formula and, by agreement, teachers and administrative personnel have over the past two years worked on the development of this formula. The teacher position at the end of their studies was that the number of secondary school teachers should be increased by 297, out of a total of about 8,000. The administrator position was that the number of teachers could be decreased by 123 if the budget demanded it. In 1971 the trustees had set something of a precedent by maintaining the pupil-teacher ratio and making the cuts elsewhere in the budget. The great debate, there, was whether or not account classification eleven would remain sacrosanct again in 1972. At a special meeting called for the purpose, with a number of trustees absent, by a narrow majority trustees voted to maintain the pupil-teacher ratio and find the proposed reductions elsewhere. A few days later, with all trustees present, the matter was reopened. That's a fairly unusual event in our board room I might say.

The trustees confirmed their position with respect to maintaining the ratio for elementary schools, but reversed their position in respect of secondary schools, confirming the recommendations of the administrators.

In the meantime, in North York, secondary school teachers protested the cuts generally, and applied their own muscle to the decision-making process by embarking on what they called a study session. It was, in fact, an imposed form of strike. The secondary school teachers withdrew their services at about one p.m. Students were released and the teachers invited them and the general public to join them to discuss the impact of the ceilings. Few of the public showed, but the majority of those who did were critical of the teachers and, for the first time in any major way, the traditional discipline within the ranks of OSSTF fell apart. One school ignored the study session, and remained open until the regular closing time. In other schools, teacher participation was divided. Although it's too early to make any accurate assessment, it would appear that the teachers in North York gained little in the process. Teachers elsewhere in the city, in the other four buroughs, didn't react in this militant way. They were content, I think, to maintain a waiting game, in relation to 1973.

The public remained convinced that there are economies possible in school budgets, and that by skillful and effective deployment of staff, the proposed cuts would not have an adverse effect on the program. In retrospect, it would appear that for the second time, major cuts have been achieved in the budgets of the school boards without serious effect on the quality of the program. Some time in the future, however, if this process continues, there will come a time (some contend that it has now arrived) when programs will be affected adversely to the point where the general public will cry halt. Most of us who are close to the situation believe that the government will continue its present posture until they get this kind of clear reading from the man on the street.

As local administrators, however, our concern is not only with the ceilings, but with what this is doing in principle to the tradition of local control of education. Here, I think, the three speakers are saying substantially the same thing. While no one in his right mind, based upon the kinds of forecasts that have been bandied about lately, could argue effectively against some form of cost control, one cannot help but be apprehensive about the simplistic and categorical way that the province of Ontario has gone about the process. Once again, speaking for the little group of school boards I represent in the Toronto area, we have turned our best efforts to the development of more flexible cost controls. Our hope is that a formula could be developed and adopted which would keep the lid on the cost spiral, but would also restore the local units of administration, the kind of fiscal flexibility which would allow them to tailor programs in a meaningful way to the specific needs of their respective areas, which would make provision for experimentation and research, and which would command the respect, interest and enthusiasm of the local community.

GROUP DISCUSSION REPORTS

Approximately one-half of the seminar was devoted to discussion by delegates of the financial implications of various changes which it was felt should be made in education in Canada. The suggested changes were derived from the deliberations of the seminar held in Montreal in May 1971. These changes were subsumed under four major headings:

1. Educational institutions must be capable of flexible response to students' needs.
2. The benefits of education must be made more accessible to those in society who suffer disadvantage.
3. Education and the world of work must draw closer together.
4. Educational institutions must become more closely a part of their surrounding community (local, provincial, national, international).

Delegates were asked to choose which of these topics they wished to discuss. After the choices were made seven groups were formed, two each for topics 1, 2 and 4, one for topic 3. Later in the seminar, the two groups discussing topic 4 combined into one. All groups were asked to treat their particular topic in the same way, by discussing it in terms of the following questions:

1. What changes in institutional practice should be made to achieve this objective?
2. What would be the components of the increase or decrease in costs of each of these changes? (Inputs, such as teachers, classrooms, equipment, inservice training, etc.)
3. Would these changes add to or subtract from the cost of the publicly supported educational system?
4. If the changes involve an increase in cost, who should pay for it? (Specific levels of government, individuals, private companies, etc.)
5. What organizational and administrative changes in collecting, allocating, and distributing funds would be implied? (For example, assigning control of funds to different levels of the school system, such as the school instead of the district level; building in of cost-benefit evaluation (systems analysis), etc.)

The following reports, arranged according to the general topic being discussed, summarize the points raised by the various groups.

Educational Institutions Must Be Capable of Flexible Response to Students' Needs

Group 1 (Chairman: Florence Henderson)

In considering what changes in institutional practice should be made to achieve this objective, the group first raised the question of whether the institution of schools should be done away with. The group agreed to take it as their fundamental assumption that education should be institutionalized in some form.

The group then suggested that schools could become more flexible if appropriate changes in legislation and the allocation of funds were made. They felt that

legislation should in general be permissive rather than prescriptive. As well, the allocation of funds should be on a non-specific basis. Under this system, institutions might adapt their programs to specific needs and would not be tempted to offer unnecessary programs simply because funds were available for that program.

Another way of providing flexibility would be through offering more subject options. It was noted that this approach would require greater inputs into the system in terms of facilities, equipment and qualified staff. It would also involve changes in institutional practice to provide for such methods as self-study, individualized programs, cost sharing with business, work experience, open attendance areas, individual timetabling and the "cafeteria system" of subject options. The group felt that these measures would add to the cost of public education, particularly in terms of human cost, for example, teacher retraining.

This group also felt that change should take place on a planned basis, that strategies for change should be worked out, since change is a constant. There should therefore be a system for the collection and distribution of meaningful information about inputs and outputs. A system of this type would, however, be quite expensive.

If the system is to become more flexible it should also take into account adult education and links with the community. For example, counselling might be made available to adults at the end of the school day or in the summer. Such counselling could be either personal or occupational. While this approach might involve inservice training of teachers and social welfare personnel, it need not add a great deal to the cost of education. An effort could be made to involve service clubs and social agencies and gain access to community resources.

The group also suggested that efforts should be made to improve teacher education through introduction of a four-month internship integrated with the school program. Costs could be shared by the province and the district, since the latter would be receiving instructional assistance through the plan.

Group 2 (Chairman: Robert Saunders)

This group felt that the following changes might be required if educational institutions were to become more flexible:

1. More subject areas and option choices
2. More counselling
3. Increased emphasis on basic skills
4. Individualization in secondary schools
5. Improved student evaluation
6. Exploration of alternatives to the public school system
7. Improvements in teacher education

1. More subject areas and option choices. This overall change might lead to larger schools or smaller classes. It would probably imply a lower pupil-teacher ratio. It might involve contract teaching and more correspondence education. Open attendance boundaries for schools might be instituted. As well, the number of arts-oriented subject options might increase.

The inputs to the system which would be involved in these changes would include a lower pupil-teacher ratio and time for teachers to work on a one-to-one

basis with students. If still larger schools were developed, there might be "human" costs in terms of impersonality. There could perhaps be a trade between cost for small classes and for transportation if attendance areas opened outside cities.

These changes would probably increase the cost of public education unless some of the present programs were phased out. The group raised the question of whether a core curriculum plus options would be the best choice in high schools.

It was felt that any increased costs should be met by school boards and provinces, through grants. The group also felt that there would be a need for some costing and evaluation to determine the impact of new programs.

2. More counselling. This change could involve the hiring of more counsellors and also the training of teachers to do more personal counselling work. It could add to the cost of public education, through a lower pupil-teacher ratio (unless some other element in the school program were given up) and the cost of inservice training.

The group then raised the question of whether "psychological help" might not be a charge against medicare, rather than the educational system. They also asked "Does counselling really help students or does it create the impression of personal interface within the institution?" They suggested that more evaluation of counselling programs was needed.

3. Increased emphasis on basic skills. The group felt that increased emphasis on the program in kindergarten and grades 1-3 would be needed to provide for basic skills to enable greater student success and individualized study in the later years of school. Specific changes might include smaller classes, individual assistance and remediation, individualized learning materials, and more flexible teaching-learning arrangements and organization.

Inputs into the system that might be required would include (1) a lower pupil-teacher ratio and/or more teacher aides, (2) the possible introduction of computer-assisted instruction, programmed materials and learning kits, (3) inservice training programs, and (4) possible capital costs for alteration of plant to make it more flexible for use.

While these inputs would add to the cost of public education at that level, it is possible that greater success in teaching basic skills would lead to long-term savings at higher levels in the system.

The group felt that additional costs should be met from public funds. They also suggested that funds might be distributed on a program basis to individual school boards or schools by the next senior level of government.

4. Individualization in secondary schools. The group felt that the basic program of subject offerings might continue and that there might be varying levels of difficulty in each course. The secondary school could also offer remedial courses in basic skills. If schools became more flexible there might be less formal teaching and more emphasis on individual and group work. Students might have more time to work on their own or do anything they wish. Teachers might have more free time to work with individual students. In general, course units would be shorter and more subjects would be offered.

The group felt that these changes might lead to the employment of more teacher aides. An increased input of learning and resource materials would be required to alter the basic mix of instructional resources. Inservice training would be needed to help teachers get away from formalized arrangements and to help with curriculum development.

The group felt that some of these changes would not increase costs very much, unless a considerably wider program were offered. The inservice training costs might be fairly high. Sabbatical leaves, for example, are very expensive. Board-operated inservice training programs would also add to education costs.

Where inservice training is concerned, the group felt that some of the cost should be borne by the teacher, but not all. They asked the question, "What is the appropriate mix?" The group also commented that the individual wishes of students cannot always be met within schools except at an unbearable social cost. Therefore, ideas such as contract teaching and correspondence education might have some appeal.

The group felt that emphasis on inservice training might bring a change in allocation and distribution of funds. The provinces might have to provide aid to universities to start and operate programs for "recycling" teachers. They also commented on the implications of differentiated staffing, pointing out that it does not necessarily control costs. One issue, for example, is who is to bargain for para-professionals. It was suggested that full differentiated staffing might, in fact, increase costs.

5. Improved student evaluation. The group felt that student evaluation methods should be the responsibility of the individual school and that they are not an economic issue unless the evaluation is used deliberately to select out or retain students in the system in order to control the demand for educational service.

6. Exploration of alternatives to the public school system. Performance contracting was viewed by the group as an interesting experiment which has not yet been really well evaluated. The feeling was that it was a development to meet specific U.S. problems of disadvantaged children and until evaluated was not necessarily a wise move here.

The group also noted that open attendance boundaries would be a suitable alternative to the voucher system. Vouchers might stimulate alternatives to the public system which would work to the disadvantage of the public system. While a small independent sector might act as a stimulus to the public schools, a large independent sector would drain resources from the public sector.

7. Improvements in teacher education. It was noted that it would be desirable to introduce internships into the teacher education program. As well, other program revisions would be needed in order to provide for the types of experience noted in the preceding paragraphs. It was felt that while internships might benefit the school system, by providing a supply of free labour, the costs to the university would probably increase, because of increased costs for supervision of interns.

8. General comments. The group also considered questions of change in general. They noted that new programs always mean additional costs "unless we forego something of what we are presently doing". They felt that there should be a greater sense of educational and social priorities.

There is also, in education, a tendency to "bandwagon". Consequently, there is a need for better evaluation of the possibilities of new programs and techniques. For example, what does individualization mean? What is an appropriate and efficient rate of learning? Is computer-assisted instruction a boon to schools, or only to producers? Is there a danger the schools could move faster than society in change?

The group also felt that evaluation of programs could promote better use of resources in the school system. They questioned, however, whether the appropriate measurement tools were available.

A final comment by the group was that more community involvement is needed, especially in establishing objectives for schools and/or school systems. This is an area that is critical for public understanding of and commitment to education.

The Benefits of Education Must Be Made More Accessible to Those in Society Who Suffer Disadvantage

Group 3 (Chairman: Robert Gordon)

In discussing the topic, this group proposed six major changes in institutional practice, all of which would add to the cost of publicly-supported education but would, if successful, probably result, in the long run, in corresponding decreases in the cost of health, welfare and justice. The proposed changes are as follows:

1. More adequate provision for the teaching of exceptional children, including compensatory programs for the disadvantaged. This would involve considerable extra input, including more and more highly qualified teachers, specialized equipment and supplies (visual aids, special ETV, etc.), building renovation, school lunch programs and more transportation of pupils.

2. Accessibility for all children to high quality schools and special programs. Inputs of staff, equipment, buildings and transportation would be required.

3. Greater emphasis on preschool education, particularly the disadvantaged. Inputs would include staff, equipment, buildings, transportation and school lunches.

4. An open door admissions policy in post-secondary institutions. This approach would involve expenditures on staff, equipment, buildings, residences, and boarding allowances. To some extent, existing facilities could be used for this purpose.

5. Earlier identification of children who may be disadvantaged. More staff and equipment would be required to achieve this objective.

6. Establishment of a Federal Office of Education to deal with problems of student-teacher mobility and regional inequalities in ability to finance education. The group felt this change would involve increased costs for some provinces and probably no decrease for any province.

The group also agreed that there should, in general, be better coordination of educational services with health and welfare services. A proper mix could be attained with an over-all gain for the individual and society.

The question of who should pay for the additional costs received considerable attention. It was felt that the federal government should have a role in financing some of the suggested improvements, since there is an overlap with the fields of

health, welfare and justice, and involve also national goals and areas where the federal government already has educational responsibilities. Some of the areas in which the federal government should pay the increased cost include:

Schools for Indians and Eskimos

Bilingual instruction

Training and retraining programs under the Manpower Act and The Department of Health and Welfare

Research and development facilities and services for mentally and physically handicapped

It was also suggested that the government could contribute to the welfare of the disadvantaged by instituting a guaranteed annual wage and by increasing support for secondary education.

The group also felt that the provincial governments should bear a higher share of the cost of implementing improved programs for the disadvantaged. For example, the foundation programs should be extended to include the necessary improvements. As well the province should assume responsibility for the necessary planning and research, and for the inservice training and retraining of staff that would be required.

The group was of the opinion that the school boards should not be expected to provide the extra money. They did feel, however, that private companies could bear a greater share of the burden and suggested higher taxes and removal of exemptions.

The group felt that the primary change in administration of education finance that would be required would be the development, on a national scale, of a general financing formula that would make it possible for all regions to provide a similar quality of services. It was also felt that the federal government might fund certain programs directly, for example Head Start and school lunches. The group also suggested that appropriate changes be made in legislation concerning unemployment insurance and manpower retraining. They suggested, further, that the Opportunities for Youth program become more selective and related to education.

The group noted that the changes suggested could lead to a reduction in the role of school boards in terms of financing, but retention of their administrative function. They felt that, apart from establishment of a federal office of education, existing structures could be used to administer additional programs and funds for the disadvantaged, but that the mix would be different.

Group 4 (Chairman: George Enns, Recorder: Harry Costello)

This group suggested that the following changes in institutional practice be made in order to make the benefits of education more accessible to the disadvantaged.

1. For diagnostic purposes, to identify disadvantaged individuals or groups and their educational needs, programs of health and social welfare departments must be coordinated and integrated with those of provincial education departments.

2. Institutions (for example, those of our cities) must be moved to provide new paths or criteria for admission to ensure that disadvantaged individuals or groups (e.g. Indians, Eskimos, Metis, Inner-city Poor) have access to, and achieve success in, these educational institutions.

3. Within a framework of minimum standards, mechanisms must be provided for more local decision-making with respect to course content, designed to meet the needs of disadvantaged individuals or groups.

4. The total resources on the Canadian scene must be made available where they are needed to a much greater extent. At present there is a trend to taking the receiver of educational benefits out of the community in order to give him the benefits of education and access to the existing store of human resources.

5. Guidance clinics should cut across fields (e.g., welfare, education).

6. Psychological services should cut across various institutions and be better integrated. For example, health, welfare, technical or vocational institutions, New Start, manpower, job training, and upgrading services seem to operate in isolation, with very little attempt to integrate the services of these institutions within the over-all education program. These types of services should become part of the over-all public education structure.

7. Considerably more flexible entrance requirements, and a much greater variety in programmes leading to entry or to re-entry into more productive life patterns in terms of social as well as economic goals, will be needed.

8. The rigidity of educational finance practices, which is coupled with the insistence on a very localized fiscal base, should be relaxed, so that the over-all programs across Canada may become sufficiently flexible to meet local needs.

9. It would appear that there should be a slowdown or almost a stoppage, in some instances, to loading our schools with the equipment and human resources to do tasks or to achieve goals where the equipment and the human resources are already available in the private sector or in institutions other than schools. A greater utilization could be made of the business segments of society; the human resources in this area could be utilized to a much greater extent to achieve either some or perhaps most of the tasks that are being loaded into the schools in some instances.

10. There must be a much greater attempt to gear our institutions, our administrative structures for education, not only provincially but nationally, to the individual rather than to the needs of very broad groups in society. There appears to be need for much greater coordination between the existing institutions in both the private and public sector in terms of structuring education.

11. That federal involvement in education is a fact should be recognized. There is a need for some sort of national office of education that could assist in coordinating the vast provincial departmentalization of services which now exists. There is serious need for an over-all look at teacher training, certification, and the development of paraprofessional personnel in the learning-teaching arena.

12. While no specifics were mentioned, there seemed to be an opinion that a change in the criteria for success, as well as a change in the criteria for admission to the institutions, needed careful scrutiny.

13. The trend toward day-care centres, and the shifting of institutional coverage down to lower and lower age groups should be taken into account. There is a greater and greater need for kindergarten and pre-school classes.

14. The need for special education of the handicapped and deprived in the broad sense has to receive much greater priority.

15. The present structures for Indian education give cause for concern. It was noted that the Federal, Provincial, and Local governments are all involved in the total area of Indian education.

The group also gave attention to the components of any increase or decrease which would result from implementation of the required changes. Members of the group pointed out that, in terms of input, a tremendous amount of coordination of services is necessary in order to eliminate the present duplication of institutions and services. This would not necessarily involve an increased cost in terms of providing services, but there could very well be an increased administrative cost in bringing about the coordination and changing of the systems. A large proportion of the costs of education are borne provincially at the present time and, therefore, the coordination of some of the services which are offered should not cost more in the long run if that coordination actually becomes a fact.

The group felt that the input of the services of professionals in a more diagnostic approach very well could result in considerable increased cost in some provinces. The inputs would involve:

(1) professionals
(2) dollar inputs
(3) planning personnel
(4) pilot projects
(5) institutional implementation.

Notwithstanding the comments made above, it was recognized that the very process of change costs money in itself and that planning for change costs money, but that this does not necessarily mean that the costs for a particular service in the future would be higher.

It was emphasized once again that there would have to be a considerable change in our orientation regarding admission to institutions and the criteria for success of the persons availing themselves of the services of these institutions.

The group also noted that the differentiated kind of program approach would involve, at least, the following components of input:

(1) personnel
(2) program
(3) planners
(4) technological change.

When considering whether the net effect of these changes would be to add to or subtract from the cost of the publicly-supported educational system, the group indicated that to some extent it should be recognized that greater numbers of admissions to institutions add cost. As well, success in channelling a larger number of persons into a productive kind of life could very well add cost in the initial stages.

However, it was indicated that certain other kinds of costs could very well be reduced, including:

(1) penal

(2) welfare

(3) unemployment

(4) upgrading.

In regard to the question of who should pay for any increase in cost it was pointed out once again that what is labelled education costs very often cuts across costs of many other services, such as health and welfare. There was recognition that monies for a much more coordinated system would come from a variety of sources, but that the allocation of money for these services would require a much greater coordination at both the provincial and federal level than is the situation at the present time. This would not necessarily mean that either provincial, local, or private institutions would die as administrative units. Funds could be made available through the central government without eliminating the pressure for participation at the provincial or local level, or indeed of private institutions.

In connection with pre-school education in Quebec, it was indicated that Quebec provides support for private schools, and that at the present time the Department of Education can recognize certain private schools to be in the public interest. To date Quebec has not, however, recognized private pre-schools under this provision.

Although no conclusion was reached by the group, it appeared that there was some consensus that funds for education had to come from a variety of sources and that the different governmental levels would be involved in the acquisition of these funds. However, there appeared to emerge the idea that the allocation of funds in terms of the most appropriate use of those funds, for the benefit of the sectors of society that needed the funds, would have to be, to a large extent, coordinated at either the provincial or federal level.

The group then considered what organizational and administrative changes in collecting, allocating and distributing funds would be implied. They noted that there is considerable difficulty in dealing with specifics as far as this topic is concerned. For example, Indian education is financed by the Federal Government but the provincial governments and the municipal governments are involved since the Indians are provincial citizens in the province in which they are living and, in addition, are also members of the local community and to some extent involved in certain fiscal aspects as far as the community structure is concerned.

It was pointed out that organizational and administrative changes in themselves would be very difficult if we retained the existing multiplicity at political levels, as well as administrative levels, in some of the areas related to special education or to education in general. The idea that the level of the government which provides the funds must be accountable for those funds, appears to be at cross-purposes with the stated aspirations for local involvement and local control in education. The question that seems to emerge is, can we divorce level of responsibility for decision-making from the fiscal accountability level?

One suggestion was that there should be a greater transfer of expenditures for education to the provincial and federal level in terms of tax sources, with property

tax being more and more related to those things which are local or municipal. It was felt that the property tax will likely in the future not be able to carry any more than the municipal burden. In the Canadian scene there appears to be a trend to vacating the field of property tax as a source of revenue for education. If this is not stated in explicit terms in many instances, there nevertheless appears to be an incremental kind of change in this area which inevitably will lead either to vacating, or to a large extent vacating, property tax as a source of revenue for education.

The point was made that the prime function of the school boards or educational authorities is to get the best possible deal for education with the funds which are provided by one formula or another and from one tax source or another. The autonomy of boards should rest with the spending and not so much with the collecting of the funds for education.

Another comment was that in education, in the broad sense, and considering the various other related fields which cut across education, there will be greater and greater need for more and more funds, with these requirements far exceeding the capacity of the local fiscal resources. It was also pointed out that perhaps the eventual role of the provincial government in the Canadian scene will be not so much to collect funds as to exercise considerable autonomy on a provincial level and thereby control the way in which the funds shall be spent to meet the particular needs of the provincial structure in education and in social services. There is, however, a distinct difference in the relationship between boards and provincial governments, and provincial governments and the federal government, since the provincial governments do not hold their power by delegation from federal government whereas this is the situation for school boards and local municipal boards on the provincial scene. The group felt that the changes which will come about will not be radical, since it is very difficult to change the thought patterns of people regarding institutions. It is not just bureaucratic vested interests that prevent changes in the area of financing education.

Educational structures react to other agencies, whether they be local, provincial, federal, or agencies in the private and business sector, whereas many of the other institutional structures, if they are more coordinated or integrated with the educational structures can, by nature of their design and function, tend to react and coordinate with educational structures in order to increase the possibility of obtaining broad educational goals.

There was some discussion on a weighting system for the allocation of funds for education and for the various social agencies, but this topic was not dealt with in any depth. It was pointed out that one of the problems in terms of discussing educational finance and the sources of revenue for education is that we tend to concern ourselves with the symbols of education, both from the institutional and the program point of view, with very little attempt to cut through the symbols and institutions to the real social needs of the present day.

Education and the World of Work Must Draw Closer Together

Group 5 (Chairman: Bruce Watson)

In discussing this topic the group pointed out that an appropriate first step would be for educators to become more knowledgeable about the world of work, and vice versa. They noted that in order to facilitate a closer relationship between schools and the working world it might be necessary to alter the administrative organization of schools to allow for different hours, credits and part-time students and, also, to modify the curriculum.

The group pointed out that the schools cannot train everybody for everything and therefore they need to define their limits. For example, are schools to be learning centres or are they to be social services delivery centres? In any case, schools should assist, where possible, in the transition from school to the world of work. For example, in urban areas they might institute "earn and learn" plans.

It was agreed that long-term manpower projections are not really possible. Specific job training, therefore, should be conducted by industry. The group also felt that, where trades training is not available in local industries, regional training centres should be established.

The group felt that while some of the proposed changes would add to the cost of public education, others would subtract from it. The components of additional cost would include periods of work experience in industry for teachers (unless industry were prepared to pay for this) and inservice training for teachers as new requirements and developments occur in the non-educational world. One practice which could probably be implemented without cost would be to fit persons from outside education into the school situation, from time to time, as the need arose.

Costs to the education system might decrease if less teacher time were used in what are actually social work activities and if trades training were removed from the public schools. In the latter case, however, it might be necessary to make payments to industry rather than the schools.

In considering who should pay for the suggested changes, the group felt that industry might be prepared to cover some of the costs of helping educators become more knowledgeable about the world of work and might also share in the cost of programs designed to ease the transition from school to work.

Some changes in the allocation and distribution of funds might be required. For example, if industry assumed responsibility for trades training, the federal government could perhaps assume the cost through transfer payments to industry. As well, costs now assumed by education for social welfare aspects could be charged to another section of the provincial/local budget. The establishment of regional trades training centres could be a shared responsibility of federal and provincial governments.

Educational Institutions Must Become More Closely A Part of Their Surrounding Community

Groups 6 and 7 (Chairmen: Alphie Landry and C.H. Witney)

The combined group felt that the main problem with this topic is at the local community level. While discussion brought out examples of possible changes in institutional practice, of prime concern was the matter of attitudinal changes -- of trustees, principals and constituents. It was suggested that it might be better to develop a great variety of strategies than to rely on some institutional change.

The group noted that local participation involves some local decision-making and local control and this appears to be counter to the trend toward greater centralization (particularly in finance). Local control, however, would require some skill and expertise at this level of decision-making.

Examples of opportunities for greater community involvement given included the involvement of community personnel in core curriculum; the use of school facilities by other agencies involved in youth and welfare; and school personnel moving out into the community. An interesting example of an attempt to change institutional practice was the recent action by the Quebec government in setting up school committees. These committees include five or six parents, elected at a meeting of parents called by the principal, one teacher elected from the school staff and the principal (non-rating). These committees would discuss the pedagogy of the school, extra-curricular activities etc. While these school committees are set up in Department regulations they have only a consultative role. School boards would still make the local decisions.

The group asked "How does education interact with total community services? Should schools become community drop-in centres, say at high school or post high school levels, so that students are not forced to attend schools?"

Another question of importance was whether present federal, provincial and local agencies could be consolidated into one coordinated delivery service. Such integration of planning should result in a community services model or plan. This would not be accomplished by a top-down superimposed plan, but would result from working with groups and evolvement from where we are. The group agreed with such a concept for integration of community services. Regarding finance, the group did not come to firm conclusions, but felt that integration would not necessarily result in extra expenditures since coordination of services could result in better use of moneys.

OVERVIEW OF THE SEMINAR

H.P. MOFFATT
Research Associate
Institute of Public Affairs
Dalhousie University

Ladies and gentlemen, Bob Gordon's introduction Sunday night set the Biblical theme. As I started to write my summary last night the Bible was open on my desk and I began looking through Proverbs and Solomon to see if I could get a clue to start this day's proceedings and I found this: "Where no counsel is the people fall, but in a multitude of counsellors there is safety."

First, I would like to contrast this year's seminar with last year's seminar, when we examined the demands of society on the school system and the needs of the individual and had great fun in creating a whole new educational structure. We proposed all kinds of schemes and plans and alternatives, new procedures, and creative structures. Never in my life have I attended a conference that produced so much input in one or two days as the conference last year. As a matter of fact, it took George Richert and the committee all summer to analyse the results of last year's conference and produce the proceedings. It was a most creative conference. Reverting again to the Biblical theme, we were just about to enter the New Jerusalem at the end of last year's conference.

This year is quite different -- we are taking these imperatives and demands, these new schemes and plans, and examining them in the cold light of financial constraints and the amount of money available to carry them out. It would seem that we would have to spend a good deal of time in purgatory, or even in a warmer place, for a considerable period of time before we entered the New Jerusalem. That is the general impression. However, it is not all negative, as you will see later.

The realistic approach was first established by the presentation made by the provincial people on Sunday night. They pointed out the necessity for and the nature of the controls that have been imposed and they raised the question which we have been discussing in all groups ever since, whether local decision-making was desirable or possible along with centralized control. The provincial people pointed out the public acquiescence to control and reminded us of the fact, which we didn't need to be reminded of, that the public was questioning the value of education and asking for a clear definition of goals and more evidence that we were achieving them. This was not new, for the committee started off with a full plan on that basis in the first place.

Mention was made of new strategies for planning and the need for rationalization in terms of time and staff. So we were brought back to earth by that particular presentation.

The next morning we had lectures on the economics of education, which Carlyle called the "dismal science". Here again we were brought back from our dreams to the necessities of planning and evaluation. Mr. Lacombe talked about the social demand approach, the manpower planning approach, and the cost-benefit approach and gave an explanation which I must say did not explain anything to me but maybe it did to some.

I got the general idea. There was a focus on the analysis of skills required for the labour market and the conditioning factors of teaching, environment and native capacity of pupils. In other words, these are the things that you have to work with. This is what you have to produce, the constraints under which you have to work.

Dr. Hettich related the efficiency criterion to the equity criterion and raised your hopes a little bit. He said that in some cases the equity factor could overrule the efficiency factor but the determining influence as to whether equity or efficiency would take place, was in creative interaction of the professionals with the people. This cropped up in the first presentation too, that the people are questioning the value of education and that the people finally will determine what the goals will be. This became a recurrent theme -- the importance of the people.

The afternoon presentation really made us feel pretty bad, with an outline of the school board problems -- which are equally disheartening, I might say. The boards are squeezed between inflexible provincial controls or grant systems and the continued necessity to provide services. Local flexibility for program determination is reduced or eliminated unless the locality puts on higher taxes. Although the provinces encouraged spending all during the sixties, when they put on the controls the local school boards became the whipping boys. They are the ones responsible for raising the taxes and for spending, not the guys who encouraged them to spend and then put on the brakes.

The lack of public understanding of what the schools are trying to do and "what the whole financial bundle is all about" was again pointed out. In this discussion -- and this cropped up again later too -- the evils of the property tax as one of the main sources of support for education began to come out. No reference was made to the legal cases in the United States where the whole idea of using property taxes for financing education is being questioned by legal decisions and may well be thrown out altogether. But the fact that a very unpopular and direct tax is used so much for education is one of our main problems and that was brought out in the afternoon session.

Now in between these rather depressing, or perhaps I should say shocking, presentations, from the provincial people and Economic Council people and the school board people, we were trying to take the imperatives of last year, see what their implications were in terms of structure and procedure, and see what they would cost. To be frank, on the first day there was quite a bit of blabbering about. Instead of there being imperatives, the imperatives were being questioned. Most of the first day was devoted to deciding whether these things were imperative after all. Are they imperatives, and can we do them? When we drew up to the fact of what we needed to do and how much it would cost, we turned around and said this, "Do we have to do this at all?" This was the general feeling. At the end of the first day the chairman and I were a little disturbed; we felt the whole world was turning back to the right. All our dreams of creativity and freedom, better techniques, and new procedures were going out the window in the face of rising costs. Now that was the feeling at the end of yesterday; it was quite different, as I say, from last year and I got a new Bible quotation from my friend Mr. McCarthy, that "a weak and adulterous generation shall look for a sign but no sign shall be granted unto them".

Now perhaps this agonizing reappraisal is not necessarily a bad thing. I'll be a Pollyanna for a little and say it's good for a person or a family or an institution from time to time to take a new look. Sometimes you do it deliberately, sometimes you have to do it. You're faced with a reality that you just have to take a new look at. This is what I did when I had to sell my summer home last year. What do I really want to do with the rest of my life? And do I want a summer home as part of it? The answer was, no I didn't, so I sold it. But there are more important crises in people's lives or in families' lives, or in institutions' lives which make it necessary to take a new look at the situation. I posed this question to my education finance class last year. What does a family do when their demands are greater than their income? The first reply from the students was, "Go to the Household Finance and borrow money," which kind of threw me. I wasn't expecting that. Unfortunately, that's not an avenue we can use in education, because as far as we know, no law permits a local school board to borrow money for current expenditures.

But there are three things that you must do when you are faced with that situation. First of all, you must examine your priorities, determine what you really want, and then reduce your demands accordingly. This is what we've been doing today to some extent. Secondly, you must increase your income if you can by moonlighting or some other source. In education that isn't very easy. We can do it in two ways. We can draw more on the private sector for our funding than on the public sector; that's one alternative. The second is to turn over to other agencies some of the services that we are now required to finance. That doesn't mean that the public sector doesn't have to pay for it, but it means that education won't be blamed for it. But that's a very limited alternative. The third is to use the funds you have more effectively. This is what we really have to do. In the past our answer to increasing demands was always to increase the input. Now we must examine our procedures and measure the output. Even if the public did not demand it of us, and they do, we should do it for our own sake, and this, I think, is a quotation from Barr Greenfield's essay on accountability, "We can't operate our programs to our own satisfaction unless we create and use the measurement tools to assess our output and to create the feedback which will enable us to adjust our future behaviour in the light of our past performance." We just have to do that.

Now this has been the negative side. What positive results have come out of this conference? First of all, there is a growing conviction that we can't do it all, that we can't meet all types of demands, many of which have been self-created. We have been creating our own demands and now find they're not really the public demands at all. For example, in the question of preparation for work -- last year we said we should relate more closely to industry and get industry to do some training, but we didn't really believe it. We thought we could still do it ourselves. But after examination yesterday and today, we have come to the conclusion that we will call industry's bluff, and turn out students who have the general education that they say they want and let them do the training. Now I don't believe that many of them can do it, but I think there's a much greater disposition now on the part of educators to say, "All right, we will provide the general education, and boys, you do it." This is reinforced. It kept cropping up in a number of discussion groups that in cases where

students are given a free choice, that is between the academic and the vocational courses, they are increasingly choosing the academic. Vocational shops are closing up all over the country. We are selling off the machinery and equipment that we used and were paid for in the vocational training grants to create these artificial situations which are not really needed at all. Is it H.S. 1 in Ontario where they're offered a free choice of their electives? Students are increasingly choosing the academic elective rather than the vocational. So, we can't do it all.

Secondly, there is a great feeling that we should diminish the custodial care function by reducing, or at least not increasing, the compulsory school attendance period. Let non-motivated students go their own way, to be picked up by welfare, if necessary, or by manpower retraining. You probably have noted that Mr. Mackasey has now agreed to pay allowances to students who are out of school for one year and are taking manpower training. By all means, let the non-motivated student go out, stay out one year, fool around and go back to manpower training. This is, cynically, one way of getting a much greater federal input into the educational procedure, perhaps the only way we can get it; this is a trend which I will elaborate on a little bit later. But we really mean business now when we say that we don't want to keep children in school just for the sake of keeping them, that we are going to try to reduce the custodial function. Third, there was a real examination of alternatives to continuous classroom schooling, such as use of differentiated staffing and technology to keep costs within bounds, and more use of student input into the instructional process. Much more effective use of the same amount of time can be achieved by creative and flexible teaching.

Groups six and seven, which were combined, went on to even greater lengths by talking about the creation of community centres for child care, institutionalized for the first eight or nine grades, followed by free choice for students to go on, or to go in and out of the school system, returning when they are motivated. The combination of health, welfare, education and other services into one over-all agency was proposed, along with community social planning committees. With this change in organization, it was agreed that there had to be a change in professional attitudes on the part of the teaching staff. They have to get away from classroom-oriented teaching. There would also have to be a change in public attitudes and changes in organization. In other words, we are really looking for the first time at alternatives to the lockstep procedures, grade-by-grade structure, subject-oriented teaching and so forth. This cropped up all the time.

On the financial side, there seemed to be two movements, and they were associated. First there was the trend away from the property tax as the support of education. Now it's not a question of local taxation or provincial taxation or federal taxation, it's a question of the type of taxation, whether it's to be a tax on wealth (as in the property tax) or a tax on income. There is no such thing as a local tax, or a provincial tax, or a federal tax. The taxpayers pay for them all. It's a question of the kind of taxation that is used to support education. With the centralization of taxation, however, the number one question is whether it will be accompanied by continued or increased control and whether we can have any local decision-making power at all. The first answer is no. There is no decision-making power and there will be

no decision-making power if more and more of the taxing power is centralized. This is not necessarily so. I think Mr. McCordic opened up the avenue when he pointed out that paradoxically the controls and the rising property taxes have stimulated rather than shut off public interest and concern.

Public concern will increase when the cuts really affect essentials and not frills. You can cut out school lunches and things of that kind for the poor people, and nobody hollers. But if you cut the teacher-pupil ratio, if you put a group of students in an auditorium with one teacher and a television set rather than classroom teaching, then the public really will be concerned and will cry out for somebody to do something about it. In other words, we have to be more politically oriented in our dealing with the authorities. Now is the time to go to the people. But before that -- another group mentioned this -- we should recognize that local autonomy is based more on autonomy of spending than on autonomy in collecting. In other words, it is possible to centralize collecting, yet retain, through autonomy in spending, the kind of autonomy that we really want. Now this may involve a restructuring of our whole distribution system. The same group mentioned that the provinces should treat the school boards and municipalities the same way that they expect to be treated by the federal government. In other words, instead of having earmarked, conditional, highly-controlled grants, let them turn over to the operating authorities general uncontrolled grants and let the local authorities make the specific decisions as to where and how the money is to be spent. Mr. Estabrooks indicated that even in a highly centralized system such as New Brunswick this is essentially the way that they can have local autonomy, through autonomy in spending, even if they don't have it in collecting. Finally, at last, now is the time to go to the people, to involve them in the setting of goals and priorities, to explain our programs and what they are doing, and find out what the people really want. We should not assume in advance that all they want are the Three R's, and that they will reject the developmental objectives, flexibility, creativity and freedom.